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**LEGALFORCE RAPC WORLDWIDE**

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LegalForce RAPC Worldwide, P.C.

LegalForce Inc., and Raj V. Abhyanker

**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION**

UNLIMITED JURISDICTION

1. LEGALFORCE RAPC  
WORLDWIDE, P.C.;
2. LEGALFORCE INC.; and
3. RAJ V. ABHYANKER,

Plaintiffs,

v.

1. LEGALZOOM.COM, INC.;
2. LEGALZOOM LEGAL  
SERVICES LTD.;
3. BRIAN P. Y. LIU;
4. EDWARD RICHARD  
HARTMAN;
5. BRIAN S. LEE;
6. UNITED STATES PATENT &  
TRADEMARK OFFICE;
7. THE STATE BAR OF

Case No. 5:17-cv-7194

**FIRST AMENDED  
COMPLAINT FOR:**

1. DECLARATORY  
JUDGMENT;
2. UNREASONABLE  
RESTRAINT OF TRADE IN  
VIOLATION OF SECTION  
1 of the SHERMAN ACT, 15  
U.S.C. §1;
3. FEDERAL UNFAIR  
COMPETITION;
4. CALIFORNIA FALSE AND  
MISLEADING  
ADVERTISING;

CALIFORNIA;  
 8. THE STATE BAR OF  
 ARIZONA; and  
 9. THE STATE BAR OF  
 TEXAS,

Defendants;

AND DOES 1-50.

5. CALIFORNIA UNFAIR  
 COMPETITION;  
 6. PROFESSIONAL  
 NEGLIGENCE; and  
 7. BREACH OF FIDUCIARY  
 DUTIES.

**Unlimited Civil Jurisdiction**

**JURY TRIAL DEMANDED**

1. Plaintiffs LegalForce RAPC Worldwide, P.C., LegalForce, Inc., and Raj V. Abhyanker (jointly, “LegalForce” or “Plaintiffs”) submit the following first amended complaint (the “First Amended Complaint”) against LegalZoom.com Incorporated and its wholly owned subsidiary Legalzoom Legal Services Ltd. in the United Kingdom (collectively, “LegalZoom”), its co-founder attorneys Brian P. Y. Liu, Edward Richard Hartman, and suspended co-founder attorney Brian S. Lee. Plaintiffs join necessary defendants the United States Patent & Trademark Office (“USPTO”), the State Bar of California, the State Bar of Arizona, and the State Bar of Texas.

### **NATURE OF ACTION**

2. This First Amended Complaint is brought by Plaintiffs to expose the willful and systematic acts of unauthorized practice of law, false advertising and unfair competition by LegalZoom with respect to preparation and filing of

1 trademark applications before the USPTO, and to establish that either licensed  
2 attorneys should be able to compete on an equal playing field; or, in the  
3 alternative, LegalZoom be enjoined from and pay damages for its unauthorized  
4 practice of law, false advertising, unfair competition and other claims with  
5 respect to preparation and filing of trademark applications before the USPTO.  
6  
7

## 8 **THE PARTIES**

### 9 **The Plaintiffs**

10  
11 3. Plaintiff LegalForce RAPC Worldwide, P.C. (“LegalForce RAPC  
12 Worldwide”) is a law firm wholly owned by Raj Abhyanker, a member in good  
13 standing of the State Bar of California, and the United States Patent Bar. The  
14 Firm practices patent and trademark law before the USPTO with a principal  
15 place of business at 1580 W. El Camino Real Suite 10, Mountain View  
16 California 94040, and a law office at 446 E. Southern Avenue Tempe Arizona  
17 85282.  
18  
19

20  
21 4. Plaintiff LegalForce, Inc. is a Delaware corporation offering law firm  
22 automation and free trademark search services through its website  
23 Trademarkia.com with a principal place of business at 1580 W. El Camino Real  
24 Suite 9, Mountain View California 94040.  
25

26 5. Plaintiff Raj Abhyanker is a California licensed attorney practicing patent  
27 and trademark law before the USPTO with a principal place of business at 1580  
28

1 W. El Camino Real Suite 10, Mountain View California 94040, is the sole  
2 shareholder of Plaintiff LegalForce RAPC Worldwide and is a CEO of Plaintiff  
3 LegalForce, Inc. Plaintiff Raj Abhyanker is a winner of the 2013 Legal Rebel  
4 award by the American Bar Association.  
5

6  
7 **The Defendants**

8 6. LegalZoom.com, Inc. is a Delaware corporation (“LegalZoom”) with a  
9 principal place of business at 101 N. Brand Blvd., Glendale CA 91203.  
10 LegalZoom is not a law firm in the United States and is not authorized to  
11 practice law in any state. LegalZoom is not a registered or bonded legal  
12 document assistant under California Business and Professions Code, sections  
13 §6400 et seq.  
14

15  
16 7. LegalZoom Legal Services Ltd., is a foreign law firm (upon reason and  
17 belief affiliated with the website [www.legalzoom.co.uk](http://www.legalzoom.co.uk)) with a principal place  
18 of business at The Broadgate Tower, Third Floor, 20 Primrose Street, London,  
19 EC2A 2RS, England. Upon reason and belief, LegalZoom Legal Services Ltd.  
20 is a wholly owned subsidiary of LegalZoom.com, Inc.  
21

22  
23 8. Defendant Brian P. Y. Liu (“Liu”) is a co-founder and Chairman of  
24 LegalZoom, and a licensed California attorney, having a principal place of  
25 business at 14246 Valley Vista Blvd, Sherman Oaks, California 91423.  
26

27 9. Defendant Edward Richard Hartman (“Hartman”) is a co-founder, Chief  
28

1 Strategy Officer, and Chief Technology Officer of LegalZoom, and a licensed  
2 California attorney, having a principal place of business at 1982 Dakin Ave,  
3 Menlo Park, California 94025-6045.  
4

5 10. Defendant Brian S. Lee (“Lee”) is a co-founder of LegalZoom, and a  
6 suspended California attorney, having a principal place of business at 12181  
7 Bluff Creek Drive, 5th Floor, Playa Vista, California 90094.  
8

9 11. Defendant the United States Patent & Trademark Office (“USPTO”), a  
10 branch of the United States Department of Commerce, is being added as a  
11 necessary defendant as it governs the conduct of U.S. state licensed attorneys  
12 and registered patent attorneys before the United States Patent & Trademark  
13 Office, with a principal place of business at 600 Dulany Street, Alexandria VA  
14 22314. The United States Patent & Trademark Office also maintains a Silicon  
15 Valley office located at 26 S 4th St, San Jose, California 95112.  
16  
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18

19 12. Defendant the State Bar of California is the agency responsible  
20 governing the conduct of the licensed attorneys and bringing enforcement  
21 actions against entities engaging in the unauthorized practice of law in the State  
22 of California. Accordingly, it is named as a necessary defendant as it governs  
23 the conduct of California licensed attorneys, with a principal place of business at  
24 180 Howard Street, San Francisco CA 94105.  
25  
26

27 13. Defendant the State Bar of Arizona is the agency governing the conduct  
28

1 of licensed attorneys and bringing enforcement actions against entities engaging  
2 in the unauthorized practice of law in the State of Arizona. Accordingly, it is  
3 named as a necessary defendant as it governs the conduct of Arizona licensed  
4 attorneys, with a principal place of business at 4201 N. 24th St., Suite 100,  
5 Phoenix, AZ 85016-6266.  
6

7  
8 14. Defendant the State Bar of Texas is the agency governing the conduct of  
9 licensed attorneys and bringing enforcement actions against entities engaging in  
10 the unauthorized practice of law in the State of Texas. Accordingly, it is named  
11 as a necessary defendant as it governs the conduct of Texas licensed attorneys,  
12 with a principal place of business at 1414 Colorado Street, Austin, Texas 78701.  
13

14  
15 15. DOES 1-50 are entities that participated in the transactions complained  
16 of herein in ways which are unknown to Plaintiffs. The true names, capacities,  
17 nature, and extent of participation in the alleged activities by DOES 1-50,  
18 inclusive, are unknown to Plaintiffs and therefore Plaintiffs sue these defendants  
19 by such fictitious names. Plaintiffs will amend the First Amended Complaint to  
20 allege their true names and capacities when ascertained.  
21

### 22 **BACKGROUND OF THE PARTIES**

23  
24 16. Plaintiff LegalForce RAPC Worldwide is a law firm wholly owned by  
25 Plaintiff Raj Abhyanker, a member in good standing of the State Bar of  
26 California, and the United States Patent Bar. The Firm practices patent and  
27  
28

1 trademark law before the USPTO with a principal place of business at 1580 W.  
2 El Camino Real Suite 10, Mountain View California 94040, and a law office at  
3 446 E. Southern Avenue Tempe Arizona 85282.  
4

5 17. The website Trademarkia.com was created by the law firm of LegalForce  
6 RAPC Worldwide in 2009 but was spun off into a separate entity. Plaintiff  
7 LegalForce RAPC Worldwide is the sole provider of legal services through the  
8 website Trademarkia.com with respect to trademark filings before the USPTO.  
9  
10

11 18. LegalForce RAPC Worldwide employs, full time, more than ten (10)  
12 U.S. licensed trademark attorneys in its California and Arizona offices who  
13 substantially limit their practice to trademark law before the USPTO, and who  
14 are supported by legal support staff globally including in India, China, Poland,  
15 the United Kingdom and South Africa. LegalForce RAPC Worldwide  
16 represents more than 10,000 clients from all over the United States and world,  
17 including over a thousand clients from the State of California, hundreds of  
18 clients in the State of Arizona, and over a thousand clients the State of Texas.  
19  
20  
21

22 19. LegalForce RAPC Worldwide is the largest law firm filer of trademarks  
23 before the USPTO in each of the last five years. The firm maintains interest on  
24 Lawyer Trust Account (IOLTA) trust accounts for all client funds, conducts  
25 robust conflict checks, and currently employs two former USPTO trademark  
26 examining attorneys. It has never been disciplined by the USPTO, the State Bar  
27  
28

1 of California, the State Bar of Arizona, or the State Bar of Texas. At least two  
2 of its former attorneys are currently hired as USPTO trademark examining  
3 attorneys after leaving LegalForce RAPC, and a number of its former associate  
4 attorneys or legal assistants have been hired in trademark and IP departments of  
5 leading Big Law IP firms including Orrick, Perkins Coie, Pillsbury Winthrop,  
6 DLA Piper, and Wilson Sonsini Goodrich & Rosati as well as in legal  
7 departments at leading technology companies, including Google, Inc., Facebook,  
8 Inc., and Apple, Inc.

12 20. Plaintiff LegalForce, Inc. is a Delaware corporation offering law firm  
13 automation and free trademark search services through its website  
14 Trademarkia.com with a principal place of business at 1580 W. El Camino Real  
15 Suite 9, Mountain View California 94040. The Chief Executive Officer (CEO)  
16 and co-founder of Plaintiff LegalForce, Inc. is Plaintiff Raj Abhyanker. Plaintiff  
17 LegalForce, Inc. makes no revenue from preparation and filing on U.S.  
18 trademark applications. It receives a flat monthly technology licensing revenue  
19 from Plaintiff LegalForce RAPC Worldwide independent of the legal services  
20 revenue secured by the firm LegalForce RAPC Worldwide through the  
21 Trademarkia.com website.

26 21. Plaintiff Raj Abhyanker is a California licensed attorney practicing  
27 patent & trademark law before the USPTO with a principal place of business at  
28



1 1580 W. El Camino Real Suite 10, Mountain View California 94040, is the sole  
 2 shareholder of Plaintiff LegalForce RAPC Worldwide and is a CEO of Plaintiff  
 3 LegalForce, Inc. In 2013, he was named an American Bar Association Journal  
 4 "Legal Rebel," an "annual honors program for the change leaders of the legal  
 5 profession"<sup>1</sup> and a member of the Fastcase 50, an annual award that "recognizes  
 6 50 of the smartest, most courageous innovators, techies, visionaries, and leaders  
 7 in the law."<sup>2</sup>

11 22. LegalZoom, Inc. is a Delaware corporation (LegalZoom.com, Inc.) with  
 12 a principal place of business at 101 N. Brand Blvd., Glendale CA 91203.  
 13 LegalZoom also has a shuttered office address in this County of Santa Clara at  
 14 888 Villa Street #430, Mountain View, California 94041 (still listed on Google  
 15 local listings as of the filing of this Complaint), and another shuttered office in  
 16 this County of Santa Clara at 1911 Landings Drive, Mountain View, CA 94043<sup>3</sup>,  
 17 which is incorrectly listed on LegalZoom's HR page despite being closed for  
 18 months as of filing of this Complaint.

21 23. LegalZoom is not a law firm in the United States and is not authorized to  
 22 practice law in any state. LegalZoom is not a registered or bonded legal  
 23 document assistant under California Business and Professions Code, sections  
 24  
 25  
 26

27 <sup>1</sup> [http://www.abajournal.com/magazine/article/2013\\_legal\\_rebels\\_a\\_banner\\_year](http://www.abajournal.com/magazine/article/2013_legal_rebels_a_banner_year)

28 <sup>2</sup> <http://www.fastcase.com/fastcase50-winners-2013>.

<sup>3</sup> <https://www.legalzoom.com/career-center/locations.html> as of December 17, 2017. This URL lists  
 LegalZoom's closed office in Mountain View as Innovation Center: Mountain View, CA, 1911 Landings Drive,  
 Mountain View, CA 94043.

§6400 et seq. (**Exhibit M**, highlighted).

24. LegalZoom Legal Services Ltd., is a law firm (upon reason and belief affiliated with the website [www.legalzoom.co.uk](http://www.legalzoom.co.uk)) with a principal place of business at The Broadgate Tower, Third Floor, 20 Primrose Street, London, EC2A 2RS, England. Upon reason and belief, LegalZoom Legal Services Ltd. is a foreign law firm licensed to practice law in the United Kingdom under the Alternative Business Structure (ABS) structure (**Exhibit G**). Upon reason and belief, LegalZoom Legal Services Ltd. is a wholly owned subsidiary of LegalZoom.com, Inc. For the purposes of this complaint, “LegalZoom” shall refer to both Legalzoom.com, Inc. and LegalZoom Legal Services Ltd collectively.

25. LegalZoom’s CEO John Suh has recently falsely implied, in its “chapter 3” of LegalZoom’s corporate evolution, that it can provide legal services in the United States after it became a law firm in United Kingdom in 2015 when he stated as much in an Ernst & Young interview<sup>4</sup> and a similar interview with a customer Bill Carmody in the United States<sup>5</sup> less than a month earlier. Suh even falsely explained that LegalZoom’s law firm structure in the United Kingdom enables the company to practice law in the United States to the New Hampshire

<sup>4</sup> LegalZoom exec reflects on the company’s evolution, on November 16, 2016, <https://www.youtube.com/watch?v=ORbZcMmDJOs&t=2m11s>

<sup>5</sup> John Suh, CEO of LegalZoom interview with Bill Carmody on October 21, 2016, <https://www.youtube.com/watch?v=aOKFr2XTbsE&t=12m52s>

1 Bar while also boasting that LegalZoom has spent two years advertising their  
 2 new “law firm” structure and how certain practice areas are entirely done with a  
 3 lawyer.<sup>6</sup>

4  
 5 26. In addition, LegalZoom Legal Services Ltd. in the U.K. has hired a  
 6 “Lead Trademark Attorney” named Nicholas Santucci who “prosecutes  
 7 trademarks before the USPTO; litigates before the TTAB” and “advises clients  
 8 on branding strategy, trademarks, and IP portfolio management” working from  
 9 the Glendale, California headquarters of LegalZoom.com, Inc. (**Exhibit G**). In  
 10 reality, LegalZoom is not a law firm in the United States and is not authorized to  
 11 practice law in any state. LegalZoom has become a law firm in the United  
 12 Kingdom only after acquiring a law firm in that country, following deregulation  
 13 of ownership of law firms in the United Kingdom in 2012. (**Exhibit G**).

14  
 15 27. Moreover, LegalZoom has recently boasted that it has filed more than  
 16 two-hundred fifty thousand (250,000) trademarks before the United States Patent  
 17 & Trademark Office on behalf of customers. (Forbes article, October 9, 2017,  
 18 **Exhibit M**). In addition, LegalZoom’s co-founder Brian P. Y. Liu admitted that  
 19 he created LegalZoom with his co-founder to provide legal services.<sup>7</sup>

## 20 **JURISDICTION AND VENUE**

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 28 <sup>6</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=4m31s>

<sup>7</sup> The LegalZoom.com Story - From Making It! - MAKING IT! TV (Entrepreneur Success Stories), October 28,  
 2010, <https://www.youtube.com/watch?v=CR-H1CnbZfw&t=2m48s>.

1           28. This First Amended Complaint arises under the laws of the United  
 2 States, 15 U.S.C. §1125 *et seq.* This Court has original jurisdiction of this action  
 3 under 28 U.S.C. §1331 because at least some of the claims alleged herein arise  
 4 under federal law. This Court has supplemental jurisdiction under 28 U.S.C.  
 5 §1367 over any non-federal claims because such claims are so related as to form  
 6 part of the same case or controversy. Moreover, Plaintiffs have standing to their  
 7 California state claims under the California Business and Professions Code in  
 8 accordance to California appellate case law in *Higbee v. Expungement*  
 9 *Assistance Services*.<sup>8</sup>

13           29. This Court has personal jurisdiction over LegalZoom because the  
 14 defendant solicits, transacts and does business in California and this District via  
 15 its website and toll-free telephone number, a substantial part of the wrongful acts  
 16 or omissions complained of herein occurred in this District, and the defendant is  
 17 subject to personal jurisdiction in this District. LegalZoom purposefully  
 18 directed its activities toward this District when it willfully and specifically  
 19 targeted consumers here and a substantial part of the harm was felt in this  
 20 District.

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26           <sup>8</sup> 214 Cal. App. 4th 544 \*; 153 Cal. Rptr. 3d 865 \*\*; 2013 Cal. App. in which the court concluded that the  
 27 attorney alleged an identifiable trifle of injury sufficient to withstand a demurrer. The attorney alleged that he  
 28 suffered losses in revenue and asset value and was required to pay increased advertising costs specifically  
 because of the provider's unlawful business practices. To have standing under the UCL, the attorney was not  
 required to have engaged in business dealings with the provider. The court saw no reason why the alleged  
 violation of statutes concerning the unauthorized practice of law could not serve as a predicate for the attorney's  
 UCL action. According to the attorney, the provider's unlawful business practices had taken customers away  
 from him.

1           30. Defendants Liu, Hartman, and Lee are all residents of California, and are  
2  
3 either licensed attorneys or suspended attorneys in the State of California.

4           31. Defendant United States Patent & Trademark Office maintains a regional  
5  
6 office in California in the County of Santa Clara, and its rules apply to attorneys  
7  
8 and law firms licensed in this state including Plaintiff Raj Abhyanker and  
9 Plaintiff LegalForce RAPC Worldwide.

10           32. Defendant the State Bar of Arizona has no known presence in this state,  
11  
12 but is a necessary party to this litigation because Plaintiff LegalForce RAPC  
13  
14 Worldwide employs attorneys in the State of Arizona many of whom are  
15  
16 licensed to practice law in the State of Arizona. In addition, Plaintiff LegalForce  
17  
18 RAPC Worldwide has hundreds of clients in the state of Arizona for federal  
19  
20 trademark matters.

21           33. Defendant the State Bar of Texas has no known presence in this state,  
22  
23 but is a necessary party to this litigation because LegalZoom employs more than  
24  
25 100 employees in the State of Texas, including unlicensed trademark document  
26  
27 specialists, upon reason and belief. In addition, Plaintiff LegalForce RAPC  
28  
Worldwide has over a thousand clients in the state of Texas for federal  
trademark matters. Moreover, the State Bar of Texas regulates the conduct for  
the practice of law in the State of Texas.

          34. Venue is proper in the United States District Court for the Northern

District of California under 28 U.S.C. §§ 1391 (b) and (c).

### **HARM TO PUBLIC INTEREST**

35. Through its acts of preparing and filing trademarks, LegalZoom harms the “public interest” in that public consumers become susceptible to the risk of bad legal advice dispensed by unlicensed, un-trained, and uninformed non-lawyers.

36. Since LegalZoom is not a “law firm”, then it is necessarily a non-lawyer that operates beyond the reach of protections built into the legal profession. Because regulatory protections are built into the legal profession, but no regulatory protections are in place for online legal services, consumers are worse off getting bad legal advice from LegalZoom than from Plaintiff.

37. The Plaintiffs are bound to the rules governing the legal profession and USPTO, and that those rules are designed to protect consumers. If it in fact achieves what it sets out to disclaim, LegalZoom’s disclaimer and terms of use demonstrate that there is some merit to the argument that limiting the practice of law to lawyers benefits consumers by guaranteeing protections built into the legal profession including:

38. Communications between you and LegalZoom are protected by our Privacy Policy but not by the attorney-client privilege or as work product **(Exhibit S)**.

a. We are not a law firm or a substitute for an attorney or law firm. We

1 cannot provide any kind of advice, explanation, opinion, or recommendation  
2 about possible legal rights, remedies, defenses, options, selection of forms or  
3 strategies (**Exhibit S**).  
4

5 b. LegalZoom is not a law firm and may not perform services performed by  
6 an attorney (**Exhibit M**).  
7

8 c. LegalZoom, its Services, and its forms or templates are not a substitute for  
9 the advice or services of an attorney (**Exhibit M**).  
10

11 d. These Terms require the use of arbitration on an individual basis to  
12 resolve disputes, rather than jury trials or class actions, and also limit the  
13 remedies available to you in the event of a dispute (**Exhibit M**).  
14

15 39. By renouncing the attorney-client relationship and purporting to provide  
16 legal information rather than legal advice, LegalZoom hopes to achieve two  
17 business advantages at the expense of consumers: (1) sidestepping professional  
18 responsibilities governing the legal profession and (2) avoiding liability.  
19

20 40. The Plaintiffs' emphasize that LegalZoom avoids the responsibilities of  
21 law practice by characterizing its services as "self-help" for pro se litigants and  
22 maintaining that the website cannot substitute for an attorney, without regard to  
23 any understandable assumptions otherwise. LegalZoom's employees are  
24 trained to disseminate legal "advice." Despite this, if taken at face value,  
25 LegalZoom's disclaimer and terms of use allow it to operate "free from the  
26  
27  
28

1 confines of ethical rules enforceable upon attorneys.

2  
3 41. Plaintiffs further argue that by falling outside the existing regulatory  
4 space for legal services—where regulations are designed by and applied to  
5 licensed lawyers—LegalZoom deny consumers redress that they would  
6 otherwise have for faulty legal advice.  
7

8 42. For example, communications with the LegalZoom's website are  
9 protected only by the company's Privacy Policy, not the attorney-client privilege  
10 or work product doctrine of Plaintiff LegalForce RAPC Worldwide. LegalZoom  
11 has no duty of confidentiality, which would otherwise prevent an attorney from  
12 revealing information relating to the representation. Under the existing  
13 regulatory structure, LegalZoom also operates beyond the reach of comparable  
14 disciplinary authorities for charging an unreasonable fee<sup>1</sup> or obtaining consent  
15 for representing clients with conflicts of interest.  
16  
17  
18

19 43. Plaintiffs' argue that if LegalZoom were a law firm, its practices would be  
20 disciplined by potential violations for communicating false or misleading  
21 information about its services.  
22

23 44. Moreover, Plaintiffs points out that LegalZoom limits its own liability for  
24 problems arising from its services in ways impermissible for practicing lawyers.  
25 By operating outside the professional rules, LegalZoom bypasses the duties of  
26 competence and diligence required of all lawyers practicing law—duties which,  
27  
28



1 if violated, could give teeth to malpractice actions. A comprehensive liability  
 2 limitation clause requires that customers hold LegalZoom and its officers,  
 3 directors, employees, and agents harmless for any indirect, punitive, special,  
 4 incidental, or consequential damage, except as prohibited by law. Without a  
 5 lawyer to fall back on, customers relying on LegalZoom may sometimes fail to  
 6 comply with jurisdiction-specific requirements, resulting in an increase of  
 7 reliance on lawyers conducting post-mortem fixes to remedy problems. Though  
 8 the disclaimer is not guaranteed to waive LegalZoom of all liability, it makes it  
 9 more difficult for clients to avoid shouldering liability for costly errors in legal  
 10 documentation than it does for the Plaintiffs.

## 11 **ETHICS RULES RELEVANT TO ALL CLAIMS**

### 12 **I. DEFENDANT USPTO'S DEFINITION OF UNAUTHORIZED PRACTICE** 13 **OF LAW FOR TRADEMARK MATTERS BEFORE THE USPTO.**

14 45. Consulting with or giving advice to an applicant or registrant in  
 15 contemplation of filing a trademark application or application-related document.  
 16 **(Exhibit A).**

17 46. Preparing or prosecuting an application, response, post-registration  
 18 maintenance document, or other related document. **(Exhibit A).**

### 19 **II. DEFENDANT USPTO'S DEFINITION OF LEGAL ADVICE FOR** 20 **TRADEMARK MATTERS BEFORE THE USPTO.**

1           47. Conducting pre-filing searches for potentially conflicting trademarks.  
 2  
 3       **(Exhibit B).**

4           48. Analyzing or pre-approving documents before filing. **(Exhibit B).**

5           49. Advising applicants on substantive examination issues, such as the  
 6  
 7       acceptability of specimens and classification of goods and services. **(Exhibit B).**

8       III. APPLICABLE RULES AND REGULATIONS ON THE PRACTICE OF  
 9  
 10      LAW BEFORE THE USPTO.

11      USPTO RULES

12           50. **37 CFR §11.503 – Duty to supervise non-lawyers.** With respect to a  
 13  
 14      non-practitioner assistant employed or retained by or associated with a  
 15      practitioner: (b) A practitioner having direct supervisory authority over the  
 16      non-practitioner assistant shall make reasonable efforts to ensure that the  
 17      person's conduct is compatible with the professional obligations of the  
 18      practitioner; and (c) A practitioner shall be responsible for conduct of such a  
 19      person that would be a violation of the USPTO Rules of Professional Conduct if  
 20      engaged in by a practitioner if: (1) The practitioner orders or, with the  
 21      knowledge of the specific conduct, ratifies the conduct involved.

22           51. **37 CFR §11.504 – A Law Firm Cannot Raise Venture Capital from**  
 23  
 24      **Non-Attorneys.** With respect to a non-practitioner (d) A practitioner shall not  
 25  
 26      practice with or in the form of a professional corporation or association  
 27  
 28

1 authorized to practice law for a profit, if: (1) A non-practitioner owns any  
2 interest therein, except that a fiduciary representative of the estate of a  
3 practitioner may hold the stock or interest of the practitioner for a reasonable  
4 time during administration.  
5

6  
7 **52. 37 CFR §11.505 – Unauthorized Practice of Law.** A practitioner shall  
8 not practice law in a jurisdiction in violation of the regulation of the legal  
9 profession in that jurisdiction, or assist another in doing so.  
10

11 **53. 37 CFR §11.107 – Conflict of interest.** (a) Except as provided in  
12 paragraph (b) of this section, a practitioner shall not represent a client if the  
13 representation involves a concurrent conflict of interest. A concurrent conflict of  
14 interest exists if: (1) The representation of one client will be directly adverse to  
15 another client; or (2) There is a significant risk that the representation of one or  
16 more clients will be materially limited by the practitioner's responsibilities to  
17 another client, a former client or a third person or by a personal interest of the  
18 practitioner.  
19  
20  
21

22 **54. 37 CFR §11.115 - IOLTA trust account.** A practitioner shall hold  
23 property of clients or third persons that is in a practitioner's possession in  
24 connection with a representation separate from the practitioner's own property.  
25 Funds shall be kept in a separate account maintained in the state where the  
26 practitioner's office is situated, or elsewhere with the consent of the client or  
27  
28

1 third person.

2  
3 **55. 37 CFR §11.18 – Signature and certification for correspondence filed**  
4 **in the Office.** (a) For all documents filed in the Office in patent, trademark, and  
5 other non-patent matters, and all documents filed with a hearing officer in a  
6 disciplinary proceeding, except for correspondence that is required to be signed  
7 by the applicant or party, each piece of correspondence filed by a practitioner in  
8 the Office must bear a signature, personally signed or inserted by such  
9 practitioner, in compliance with § 1.4(d) or § 2.193(a) of this chapter.  
10  
11

12 56. There are other counterpart state court rules in before the California State  
13 Bar, the State Bar of Arizona, the State Bar of Texas, all not reprinted here, with  
14 largely similar restrictions.  
15

16 ///

17  
18 CALIFORNIA CIVIL CODE

19 **57. California Business and Profession §6125 – Unlawful Practice of**  
20 **Law.** No person shall practice law in California unless the person is an active  
21 member of the State Bar.  
22

23 AMERICAN BAR ASSOCIATION RULES

24  
25 **58. ABA Model Rule 5.4(d) – Restriction on ownership of a law firm by**  
26 **non-lawyers.** A lawyer shall not practice with or in the form of a professional  
27 corporation or association authorized to practice law for a profit, if: (1) a non  
28

1 lawyer owns any interest therein, except that a fiduciary representative of the  
2 estate of a lawyer may hold the stock or interest of the lawyer for a reasonable  
3 time during administration; (2) a non lawyer is a corporate director or officer  
4 thereof or occupies the position of similar responsibility in any form of  
5 association other than a corporation; or (3) a non lawyer has the right to direct or  
6 control the professional judgment of a lawyer.  
7  
8

9  
10 59. Upon reason and belief, American Bar Association (ABA)'s model rules,  
11 including, but not limited to, the restriction of ownership of law firms, have been  
12 substantially adopted by the USPTO, the State of Bar of Arizona, and the State  
13 Bar of Texas. In addition, the ABA has sparked a debate over non-lawyer  
14 ownership of law firms (**Exhibit Y**).  
15

16 IV. LEGALZOOM SURREPTITIOUSLY VIOLATES UNAUTHORIZED  
17 PRACTICE OF LAW RULES OF THE USPTO AND PROVIDES LEGAL  
18 ADVICE TO CUSTOMERS FOR UNITED STATES TRADEMARKS.  
19

20 60. Plaintiffs filed two trademark applications through the LegalZoom  
21 website. Email addresses of [raj@legalforcelaw.com](mailto:raj@legalforcelaw.com) for customer RAJ  
22 ABHYANKER and [ryanb@legalforcelaw.com](mailto:ryanb@legalforcelaw.com) were used for customer  
23 LegalForce RAPC Worldwide (on behalf of Team Messaging Solutions, Inc.,  
24 represented by attorney manager RYAN BETHEL).  
25  
26

27 61. Two real trademarks related to businesses of Plaintiffs, including  
28

1 DRAWMARKIA and PIGGIEBANK were applied for federal registration  
2 through the LegalZoom website. Drawmarkia.com is an unincorporated a  
3 startup project of Plaintiff Raj Abhyanker related to whiteboard animation  
4 services for startups. Team Messaging Solutions, Inc. is a Delaware C  
5 Corporation funded by Plaintiff LegalForce RAPC Worldwide who's equity  
6 shareholders include Ryan Bethell and Raj Abhyanker, and which operates the  
7 website Piggiebank.com ([www.piggiebank.com](http://www.piggiebank.com)). The conversations with  
8 LegalZoom's non-attorney Trademark Document Specialists were audio  
9 recorded. Both Texas and Arizona (from where calls were made) are one party  
10 recording states, as is federal law for interstate calls. A transcripts of these  
11 recordings are found in **Exhibit D** for the DRAWMARKIA mark and **Exhibit E**  
12 for the PIGGIEBANK mark.

13  
14  
15  
16  
17  
18 62. For both of the prospective trademarks, DRAWMARKIA and  
19 PIGGIEBANK, LegalZoom provided legal advice to Plaintiffs by selecting  
20 classification and modifying the goods and services description from the  
21 template thereby applying specific law to facts. (See **Exhibit D** and **Exhibit E**,  
22 respectively). In addition, for the PIGGIEBANK mark, LegalZoom provided  
23 legal advice as to which trademarks found in the search report may conflict with  
24 the PIGGIEBANK trademark (**Exhibit E**).

25  
26  
27 63. Although LegalZoom represents on its website that it does not practice  
28

1 law, this representation is false and/or misleading. LegalZoom collects both its  
 2 services fee of \$199 for a non-attorney “peace of mind” review and \$275 in  
 3 government fees in advance of filing. (**Exhibit V**). However, after a trademark  
 4 filing request is made on the LegalZoom website, LegalZoom surreptitiously  
 5 practices law per the USPTO definition in critical steps in which classification of  
 6 trademarks are determined, the description of goods and services are adjusted,  
 7 and search results are reviewed with customers. To hide from regulators,  
 8 LegalZoom does not send any emails during a critical step of “class selection  
 9 and description modification step” (“Surreptitious Step”). It makes a note on its  
 10 website that there are “problems with your order” and robo-calls the number  
 11 listed on the trademark workflow. Upon reason and belief, the individuals who  
 12 LegalZoom routes to are non-lawyer “Trademark Document Specialists”.<sup>9</sup>

13  
 14  
 15  
 16  
 17  
 18 64. LegalZoom violates a number of clear boundaries for practice of law  
 19 during the Surreptitious Step, including:

20  
 21 a. **Consulting with or giving advice to an applicant or registrant in**  
 22 **contemplation of filing a trademark application or application-related**  
 23 **document. (Exhibit A).**

24  
 25 i. With respect to the DRAWMARKIA mark, the non-lawyer  
 26

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27 <sup>9</sup> Trademark Document Specialists at LegalZoom’s job description can be found in **Exhibit C**. 1. Upon reason  
 28 and belief, LegalZoom has intentionally left this description vague to thwart challenges to its business model for  
 unauthorized practice of law. While the definition in **Exhibit C** leaves room for debate, the public job  
 description include “prepare trademark document ordered by LegalZoom customers” which very close to the  
 UPL definition on the USPTO website which includes “preparing or prosecuting an application”. (**Exhibit A**).

1 trademark document assistant named “Will” provided legal advice to the  
2 applicant Plaintiff Raj Abhyanker who was contemplating filing a  
3 trademark application for DRAWMARKIA. LegalZoom representative  
4 “Will” provided the legal advice when he modified the template  
5 description in the ID Manual of the USPTO based on his legal  
6 consultation with Plaintiff Raj Abhyanker. Trademark document  
7 assistant Will at LegalZoom also provided legal advice to Plaintiff Raj  
8 Abhyanker by narrowing classes to Class 41 and Class 42, and ultimately  
9 recommending to leave the class blank. Will also provided legal advice  
10 when he recommended additional items to incorporate into the description  
11 of goods and services. **(Exhibit D)**.

12  
13  
14  
15  
16 ii. With respect to the PIGGIEBANK mark, the non-lawyer  
17 trademark document assistant named “Alex” gave legal advice to the  
18 applicant Ryan Bethell, the attorney manager at LegalForce RAPC  
19 Worldwide who was contemplating filing a trademark application for  
20 PIGGIEBANK. LegalZoom representative “Alex” provided legal advice  
21 when she modified the template description to match the ID Manual of the  
22 USPTO based on her legal consultation with Ryan Bethell. The  
23 trademark document assistant at LegalZoom also provided legal advice to  
24 the Ryan Bethell by advising that state and federal trademarks found in  
25  
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1 the search report would not likely prevent registration of the  
2 PIGGIEBANK trademark. (**Exhibit E**).

3  
4 iii. In addition, with respect to the PIGGIEBANK mark, a non-lawyer  
5 trademark document assistant named “Robert” gave legal advice on the  
6 relevance of potentially conflicting marks to Ryan Bethell. Specifically,  
7 LegalZoom's agent, “Robert,” provided legal advice when he erroneously  
8 advised that only similar marks that were within the same international  
9 trademark classification of goods and services would pose any risk to  
10 obtaining a federal trademark registration. (**Exhibit E**).

11  
12 iv. Furthermore, LegalZoom practiced law when it unilaterally  
13 waived Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide’s  
14 right to privacy with respect to the DRAWMARKIA and PIGGIEBANK  
15 trademarks by having non-attorney staff sign off rights while paying  
16 government fees by check box clicking off the following on the USPTO  
17 government fee form shown in **Exhibit W** including : (1) Waiving  
18 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide’s right to  
19 cancel the filing or refund the government fee paid on their behalf; (2)  
20 Waiving right to confidentiality of name, phone number, e-mail address,  
21 and street address of Plaintiffs Raj Abhyanker and LegalForce RAPC  
22 Worldwide with respect to their trademarks; and (3) Representing to the  
23  
24  
25  
26  
27  
28

1 federal government, without checking with Plaintiffs Raj Abhyanker and  
2 LegalForce RAPC Worldwide, that LegalZoom has the authority to grant,  
3 and is granting, the USPTO permission to make the information available  
4 in its on-line database and in copies of the application or registration  
5 record.  
6

7  
8 **b. Preparing or prosecuting an application, response,**  
9 **post-registration maintenance document, or other related document.**  
10 **(Exhibit A).**

11  
12 Particularly, non-lawyer assistants at LegalZoom prepared the trademark  
13 application for DRAWMARKIA mark and PIGGIEBANK for filing without  
14 attorney review.  
15

16 **c. Conducting pre-filing searches for potentially conflicting**  
17 **trademarks. (Exhibit B).**

18  
19 Particularly, non-lawyer assistants at LegalZoom prepared pre-filing  
20 searches for potentially conflicting marks for DRAWMARKIA mark and  
21 PIGGIEBANK without attorney review.  
22

23 **d. Analyzing or pre-approving documents before filing. (Exhibit**  
24 **B).**

25  
26 Particularly, non-lawyer assistants at LegalZoom prepared pre-filing  
27 searches for potentially conflicting marks for DRAWMARKIA mark and  
28

PIGGIEBANK without attorney review.

e. **Advising applicants on substantive examination issues, such as the acceptability of specimens and classification of goods and services.**

i. With respect to the DRAWMARKIA mark, the non-lawyer trademark document assistant named “Will” provided legal advice to the applicant Plaintiff Raj Abhyanker who was contemplating filing a trademark application for DRAWMARKIA. LegalZoom representative “Will” provided legal advice when he modified the template description in the ID Manual of the USPTO based on his legal consultation with Plaintiff Raj Abhyanker. The trademark document assistant Will at LegalZoom also provided legal advice to Plaintiff Raj Abhyanker by narrowing classes to Class 41 and Class 42, and ultimately recommending to leave the class blank. Will also provided legal advice when he recommended additional items to incorporate into the description of goods and services.

**(Exhibit D).**

ii. With respect to the PIGGIEBANK mark, the non-lawyer trademark document assistant named “Alex” gave legal advice to the applicant Ryan Bethell, the attorney manager at LegalForce RAPC Worldwide, who was contemplating filing a trademark application for PIGGIEBANK. LegalZoom representative “Alex” provided legal advice

1 when she modified the template description to match the ID Manual of the  
2 USPTO based on her legal consultation with Ryan Bethell. The  
3 trademark document assistant at LegalZoom also provided legal advice to  
4 Ryan Bethell by advising that state and federal trademarks found in the  
5 search report would not likely prevent registration of the PIGGIEBANK  
6 trademark. (**Exhibit E**).  
7

8  
9  
10 iii. Further still, with respect to the PIGGIEBANK mark, a  
11 non-lawyer trademark document assistant named “Robert” gave advice on  
12 the relevance of potentially conflicting marks to Ryan Bethell.  
13 Specifically, LegalZoom's agent, “Robert,” provided legal advice when he  
14 erroneously advised that only similar marks that were within the same  
15 international trademark classification of goods and services would pose  
16 any risk to obtaining a federal trademark registration. (**Exhibit E**).  
17  
18

19 iv. In addition, LegalZoom practiced law when it unilaterally waived  
20 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide’s right to  
21 privacy with respect to the DRAWMARKIA and PIGGIEBANK  
22 trademarks by having non-attorney staff sign off rights while paying  
23 government fees by check box clicking off the following on the USPTO  
24 government fee form shown in **Exhibit W** including : (1) Waiving  
25 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide’s right to  
26  
27  
28

1 cancel the filing or refund the government fee paid on their behalf; (2)  
2 Waiving right to confidentiality of name, phone number, e-mail address,  
3 and street address of Plaintiffs Raj Abhyanker and LegalForce RAPC  
4 Worldwide with respect to their trademarks; and (3) Representing to the  
5 federal government, without checking with Plaintiffs Raj Abhyanker and  
6 LegalForce RAPC Worldwide, that LegalZoom has the authority to grant,  
7 and is granting, the USPTO permission to make the information available  
8 in its on-line database and in copies of the application or registration  
9 record.  
10  
11  
12

13  
14 65. Upon reason and belief, LegalZoom performs the “Surreptitious Step” to  
15 ensure that it does not file ineffectual trademark applications that are highly  
16 likely to get rejected by the USPTO. It seems, upon reason and belief,  
17 LegalZoom’s non-lawyer staff are well trained to provide this legal advice.  
18

19 66. Upon reason and belief, after LegalZoom’s Trademark Document  
20 Specialists provide critical legal advice during this Surreptitious Step, the mark  
21 proceeds to the “trademark search” phase. This “trademark search” phase is  
22 again performed non-lawyer staff without review by licensed attorneys in  
23 violation of the USPTO’s practice of law definition in **Exhibits A and B**. After  
24 the search is delivered by non-attorney staff to the customer, the phone support  
25 of LegalZoom in the post trademark search step sometimes provide legal advice  
26  
27  
28

1 by advising customers by giving them advice as to which specific trademarks in  
2 the search report are more likely to block a registration. (**Exhibit E**).

3  
4 67. Upon reason and belief, after the customer approves, LegalZoom enters  
5 the customer's information directly into the USPTO website and requests a link  
6 from the USPTO to the signature form using an internal LegalZoom  
7 non-attorney staff's email ID. (**Exhibit F**). Upon reason and belief, LegalZoom  
8 then repackages this link and sends it to the customer in a templated email  
9 including the USPTO link. After the customer signs the USPTO link,  
10 LegalZoom's non-lawyer staff again go to a different USPTO link emailed to  
11 LegalZoom by the USPTO which expressly waives each customer's right to  
12 privacy and has LegalZoom attest that LegalZoom has the authority to grant the  
13 USPTO permission to make information submitted available on its online  
14 database regardless of the underlying copyrights. On this same form,  
15 LegalZoom pays the government fee to the USPTO on its own LegalZoom  
16 credit card and/or deposit account with the USPTO. Upon reason and belief,  
17 LegalZoom does not refund \$50 of the collected \$275 government fee collected  
18 through its website if the non-lawyer staff at LegalZoom determine that the  
19 trademark qualifies as a TEAS Plus application with the lower filing fee of \$225.  
20  
21  
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26 68. Moreover, upon reason and belief, LegalZoom maintains no client trust  
27 account (IOLTA account) for trademark matters, uses non-lawyer assistants to  
28

1 evaluate specimens of use in commerce for authenticity, and performs no  
2  
3 conflict checks against other customers.

4 69. LegalZoom has raised more than three-hundred million (\$300 million) in  
5  
6 venture capital (**Exhibit G**), something that Plaintiff LegalForce RAPC  
7  
8 Worldwide as a law firm cannot do without violating ethical rules of the USPTO  
9  
10 and State Bar rules.<sup>10</sup> LegalZoom even boasts in its advertising with customer  
11  
12 quotes hinting that they received legal advice surreptitiously when it quotes  
13  
14 customer Jeremy Hudson “instead of expensive meetings at a law office,  
15  
16 LegalZoom’s website and a few helpful phone calls had me on my way to a  
17  
18 trademark approval” (**Exhibit G**). Moreover, LegalZoom’s CEO boasted that  
19  
20 “we finally shut down the unauthorized practice of lawsuit” and “it cost \$16  
million dollars over 11 years”<sup>11</sup>, and when asked “what is it that you had to stop  
doing”, LegalZoom’s CEO defiantly responded “*Nothing*”.<sup>12</sup>

21 <sup>10</sup> **CFR §11.504 and ABA Model Rule 5.4(d), reprinted here.** – **A Law Firm Cannot Raise Venture Capital**  
22 **from Non-Attorneys.** With respect to a non-practitioner (d) A practitioner shall not practice with or in the form  
23 of a professional corporation or association authorized to practice law for a profit, if: (1) A non-practitioner owns  
24 any interest therein, except that a fiduciary representative of the estate of a practitioner may hold the stock or  
25 interest of the practitioner for a reasonable time during administration. **ABA Model Rule 5.4(d) – Restriction**  
26 **on ownership of a law firm by non-lawyers.** A lawyer shall not practice with or in the form of a professional  
corporation or association authorized to practice law for a profit, if: (1) a non lawyer owns any interest therein,  
except that a fiduciary representative of the estate of a lawyer may hold the stock or interest of the lawyer for a  
reasonable time during administration; (2) a non lawyer is a corporate director or officer thereof or occupies the  
position of similar responsibility in any form of association other than a corporation ; or (3) a non lawyer has the  
right to direct or control the professional judgment of a lawyer.

27 <sup>11</sup> **Collision Conference interview**, May 5, 2016, New frontiers and how to tackle them - John Suh & Jonathan  
Krim, <https://www.youtube.com/watch?v=pHK21ta6yQI&t=4m40s>

28 <sup>12</sup> **Collision Conference interview**, May 5, 2016, New frontiers and how to tackle them - John Suh & Jonathan  
Krim, <https://www.youtube.com/watch?v=pHK21ta6yQI&t=4m55s>

70. In contrast, as a law firm, Plaintiff LegalForce RAPC Worldwide and its licensed attorneys must conduct conflict checks with existing clients prior to taking on representation of prospective clients.<sup>13</sup> It must place client funds in an IOLTA trust account prior to work being started.<sup>14</sup> It must hire U.S. licensed attorneys to counsel clients on trademark classification selection, modifying description of goods and services, and reviewing specimens provided by its clients for completeness and applicability to the selected classification.<sup>15</sup>

71. If Plaintiff LegalForce RAPC Worldwide and its licensed attorneys were to adopt a similar model as LegalZoom, it is very likely that the firm and its licensed attorneys would be disbarred and/or excluded from practicing law by the USPTO, the State Bar of California, the State Bar of Arizona, and/or the State Bar of Texas.

72. This is a real threat. Recently, Matthew Swyers (“Swyers”), a former USPTO trademark examining attorney in private practice and founder of The Trademark Company, was excluded for practice by the USPTO for the conduct

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<sup>13</sup> **37 CFR §11.107 – Conflict of interest.** (a) Except as provided in paragraph (b) of this section, a practitioner shall not represent a client if the representation involves a concurrent conflict of interest. A concurrent conflict of interest exists if: (1) The representation of one client will be directly adverse to another client; or (2) There is a significant risk that the representation of one or more clients will be materially limited by the practitioner's responsibilities to another client, a former client or a third person or by a personal interest of the practitioner.

<sup>14</sup> **37 CFR §11.115 - IOLTA trust account.** A practitioner shall hold property of clients or third persons that is in a practitioner's possession in connection with a representation separate from the practitioner's own property. Funds shall be kept in a separate account maintained in the state where the practitioner's office is situated, or elsewhere with the consent of the client or third person.

<sup>15</sup> **California Business and Profession §6125 – Unlawful Practice of Law.** No person shall practice law in California unless the person is an active member of the State Bar. **37 CFR §11.505 – Unauthorized Practice of Law.** A practitioner shall not practice law in a jurisdiction in violation of the regulation of the legal profession in that jurisdiction, or assist another in doing so.



1 similar to LegalZoom's (**Exhibit H**). In addition, another attorney Tracy W.  
2 Druce ("Druce") was suspended for failure to supervise assistants even though  
3 the lawyer did not know of the conduct of his assistants signing documents on  
4 his behalf (**Exhibit I**). Moreover, the USPTO also excluded from practice  
5 Leonard Tachner ("Tachner"), who, like Defendant Brian S. Lee, was a  
6 suspended attorney whose corporation prepared and filed trademark applications  
7 while he was suspended on the grounds of unauthorized practice of law.  
8 (**Exhibit J**).

12 73. Unlike Swyers, Druce, and Tachner, upon reason and belief, the USPTO  
13 and State Bars take no similar action against LegalZoom and their co-founders  
14 because of LegalZoom's vast financial resources to fight the State Bars and  
15 because they do not have attorneys whose licenses the State Bars or the USPTO  
16 can exclude. This double standard is a great injustice that harms both attorneys  
17 and the public at large. Attorneys who have spent years going through law  
18 school, taking a difficult bar exam, maintaining an IOLTA trust account, and  
19 performing conflict checks **cannot** effectively compete against non-law firm  
20 competitors like LegalZoom on an even playing field. (**Exhibit K**). It also  
21 lowers the standard of service to the public because LegalZoom customers rely  
22 on the legal advice given by non-attorneys. For these reasons, declaratory  
23 judgment is sought against LegalZoom, or in the alternate, an injunction and  
24  
25  
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1 damages for antitrust, false advertising, unfair competition, malpractice, and  
2 other causes of action.  
3

4 V. LEGALZOOM’S MISLEADING GOOGLE, BING, AND OTHER  
5 ONLINE ADVERTISING IS DAMAGING TO PLAINTIFFS’ GOODWILL  
6 AND MISLEADING TO THE PUBLIC WITH FALSE COMPARISONS TO  
7 ATTORNEY LED SERVICES, AS SUCH ACTIONS CAUSING  
8 IRREPARABLE HARM TO PLAINTIFFS.  
9  
10

11 74. Plaintiff LegalForce RAPC Worldwide and Defendant LegalZoom are the  
12 largest purchasers of online advertising including on Google and Bing per month  
13 for “trademark filing” related search terms, exceeding monthly advertising spend  
14 of over one-hundred thousand dollars per month (\$100,000/month).  
15

16 75. Upon reason and belief, LegalZoom’s non-attorney “peace of mind”  
17 trademark filing service has threatened, and continues to threaten, Plaintiff  
18 LegalForce RAPC’s business directly by outbidding Plaintiff LegalForce RAPC  
19 Worldwide on Google and Bing for the keywords during the year 2017 and  
20 achieving a higher impression share and average position on search engines,  
21 when it is not itself a law firm. (**Exhibit L**).  
22  
23

24 76. LegalZoom is not a law firm or authorized to practice law in any state.  
25 LegalZoom is not a registered or bonded legal document assistant under  
26 California Business and Professions Code, sections §6400 et seq.  
27  
28

1 77. Despite not being a law firm and despite not hiring any attorneys  
2 representing external clients, LegalZoom purchases advertisements whenever  
3 consumers search terms related to the practice of trademark law including  
4 “trademark attorney” (**Exhibit N**) and “trademark lawyer” (**Exhibit O**). The  
5 advertising copy in the resulting advertisements is highly misleading, causing a  
6 consumer to believe that he or she will be represented by an attorney.  
7

8  
9 78. Perhaps even more egregious is LegalZoom’s purchase of advertising  
10 directly targeting the Plaintiffs. (**Exhibit Q**). LegalZoom directly purchases  
11 uniquely positioned advertisements on Google and other forms of online  
12 advertising whenever consumers search the names of the Plaintiffs’ businesses,  
13 including “LegalForce” and even the Plaintiff Raj Abhyanker’s personal name  
14 “Raj Abhyanker”. (**Exhibit Q**). Upon reason and belief, advertising copy of  
15 these advertisements intentionally and maliciously targets the Plaintiffs.  
16 Moreover, upon reason and belief, LegalZoom’s advertising targeting the  
17 Plaintiffs is unique to any other advertisement, and purposefully designed to  
18 draw false comparisons and to mislead consumers. Particularly, in such ads,  
19 LegalZoom writes “Avoids Costly Conflicts” to mislead customers by implying  
20 that Plaintiffs’ conflict checks are harmful to them.  
21  
22  
23  
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25

26 79. In contrast, rules for mandatory conflict checks, attorney client privilege,  
27 and storing client funds in IOLTA accounts have been adopted by every State  
28

1 Bar, for the explicit purpose of protecting clients. LegalZoom boasts about  
 2  
 3 eschewing these long standing client protections. While not having power of  
 4 attorney, not holding attorney client privilege, and not conducting conflict  
 5 checks, yet still providing legal advice, LegalZoom's advertising copy is  
 6  
 7 explicitly designed to wrongfully imply that avoiding conflict checks is a benefit  
 8 to clients.

9  
 10 80. Further, LegalZoom attempts to misdirect traffic from landing pages  
 11 related to its "attorney led" service to its "peace-of-mind" non-attorney service  
 12 (**Exhibit V**) by linking its attorney-led advertising copy to its non-attorney led  
 13 services. This is true even when the text in LegalZoom's advertisements  
 14 mentions the attorney guided service<sup>16</sup> in **Exhibits N, O and P**. Despite the  
 15 text, a potential customer searching in Google for a trademark attorney in the  
 16 United States is redirected to LegalZoom's non-attorney "peace of mind landing  
 17 page". Upon reason and belief, Defendant LegalZoom deceptively geo-targets  
 18 these ads for "trademark attorney" for audiences searching through browsers in  
 19 the United States based on Internet Protocol (IP) address using Google's  
 20 AdWords tools.

21  
 22 81. For example, the Google text in **Exhibit N** having the text "File Your  
 23  
 24  
 25  
 26  
 27

28 <sup>16</sup> LegalZoom also offers a \$799 or \$599 + government attorney guided service for trademark filings through Dunlap, Bennett & Ludwig PLLC, upon reason and belief. However, this instant First Amended Complaint only seeks clarity on Defendant LegalZoom's \$199 + government fee "peace of mind" non-attorney trademark filing service.

Application With the Help of An Independent Trademark Attorneys”, and **Exhibit P** having the text “Speak to an Attorney” is linked to LegalZoom’s non attorney landing page in **Exhibit R** and linked below at URL offering “peace of mind review” and trademark filings for \$199 + government fees, and consultation with a licensed attorney only if a user signs up for a legal plan for \$29.99 a month, and not for a licensed trademark attorney to handle the initial filing<sup>17</sup>, rather than the landing page for attorney service offered by LegalZoom at \$799 or \$599 + government fees<sup>18</sup>, which is shown in **Exhibit S**.

82. Similarly, LegalZoom’s own website page “Do you Need a Lawyer to File a Trademark” (**Exhibit T**) has a large orange link at the bottom saying “Learn more about attorney-led trademark registration” which misdirects to a different non-lawyer “peace of mind” service landing page (**Exhibit U**) instead of the attorney led service.<sup>19</sup>

83. This wording is written directly above the text falsely states :  
 “LegalZoom can help. LegalZoom's attorney-led trademark registration services allow you to register a trademark with the help of an attorney. With attorney-led

<sup>17</sup>[https://www.legalzoom.com/sem/ip/trademark.html?kid=3b4071e7-6eee-4394-98ac-9020b6c73fe6&utm\\_source=bing&utm\\_medium=cpc&utm\\_term=trademark\\_lawyer&utm\\_content=3b4071e7-6eee-4394-98ac-9020b6c73fe6&utm\\_campaign=IP\\_|\\_Trademark](https://www.legalzoom.com/sem/ip/trademark.html?kid=3b4071e7-6eee-4394-98ac-9020b6c73fe6&utm_source=bing&utm_medium=cpc&utm_term=trademark_lawyer&utm_content=3b4071e7-6eee-4394-98ac-9020b6c73fe6&utm_campaign=IP_|_Trademark)

<sup>18</sup>[https://www.legalzoom.com/business/intellectual-property/trademark-registration-overview-a.html?gclid=C1r1w9\\_u7s4CFVRwvAodJXsEHQ](https://www.legalzoom.com/business/intellectual-property/trademark-registration-overview-a.html?gclid=C1r1w9_u7s4CFVRwvAodJXsEHQ)  
 And...  
[https://www.legalzoom.com/business/intellectual-property/trademark-registration-overviewc.html?utm\\_source=abandoner&utm\\_medium=email&utm\\_campaign=Trademark\\_Abandoner\\_2\\_20170418](https://www.legalzoom.com/business/intellectual-property/trademark-registration-overviewc.html?utm_source=abandoner&utm_medium=email&utm_campaign=Trademark_Abandoner_2_20170418)

<sup>19</sup> <https://www.legalzoom.com/articles/do-you-need-a-lawyer-to-file-a-trademark>

1 trademark services, an attorney will contact you to learn more about your  
 2 product or service and begin a comprehensive trademark search. Once an  
 3 attorney has reviewed your information and prepared your trademark  
 4 application, he/she will send it to you to approve. Your team of attorneys will be  
 5 there to answer your questions, monitor the progress of your application, and  
 6 take action when necessary.”<sup>20</sup>

7  
 8  
 9  
 10 84. The misdirected "peace of mind" landing page in **Exhibit U** further  
 11 admits to the practice of law when it states "We perform a trademark search,  
 12 create your trademark application, and file the application with the USPTO. The  
 13 USPTO will review your application and make a decision whether to approve it  
 14 or not and you will be notified of their decision" related to the non-attorney  
 15 service.” (**Exhibit U**).

16  
 17  
 18 85. Upon reason and belief, LegalZoom intentionally misdirects this traffic to  
 19 its “peace of mind” service because LegalZoom makes more money from the  
 20 “peace of mind” service instead of the “attorney led service”. Similarly, upon  
 21 reason and belief, LegalZoom intentionally misleads customers and the public to  
 22 deprive Plaintiff LegalForce RAPC Worldwide of equal competition with  
 23 LegalZoom in order to get higher cost per conversion rates on paid search.  
 24  
 25

## 26 CAUSES OF ACTION

### 27 FIRST CLAIM FOR RELIEF 28 DECLARATORY JUDGMENT

<sup>20</sup> <https://www.legalzoom.com/articles/do-you-need-a-lawyer-to-file-a-trademark>

(Against All Defendants and DOES 1-50)

86. Plaintiffs incorporate herein by reference paragraphs **1-85** above.

87. An actual controversy has arisen and now exists between Plaintiffs and Defendants LegalZoom, Liu, Hartman, and Lee regarding LegalZoom's unfair business practices and corporate ownership structure, false advertising, professional negligence, breach of fiduciary duty, and unauthorized practice of law.

88. An actual controversy has arisen and now exists between Plaintiffs and Defendant USPTO regarding USPTO's rules disallowing Plaintiffs to operate as a trademark filing service in the same manner as LegalZoom with its non-attorney "peace of mind" trademark filing service because of advice the Plaintiffs have received through outside counsel. Plaintiffs have sought and received ethics counsel from highly respected ethics counsel informing them they should have human attorney review on final steps such as modifying goods and services, selecting trademark classification and signing trademark forms at the USPTO on behalf of end users. Moreover, outside counsel has informed Plaintiffs that the State Bar of California and the USPTO will not likely to provide guidance in advance of changing operating models.

89. In the alternate, an actual controversy has arisen and now exists between Plaintiffs and Defendant USPTO regarding USPTO's failure to prevent

1 LegalZoom from operating its business for the purpose of filing trademark  
2 applications before the USPTO and to be unfairly complicit with LegalZoom by  
3 assisting LegalZoom's unauthorized practice of law[1] by knowingly sending to  
4 LegalZoom links to fill out its USPTO forms on behalf of LegalZoom's  
5 customers (**Exhibit F**) and sign away rights of LegalZoom's customers while  
6 paying government fees on behalf of LegalZoom's customers using a credit  
7 card and/or deposit account directly on the USPTO's website (**Exhibit W**).

11 90. An actual controversy has arisen and now exists between Plaintiffs and  
12 the State Bar of California regarding the State Bar of California's rules  
13 disallowing Plaintiffs to operate as a trademark filing service in the same manner  
14 as LegalZoom with its non-attorney "peace of mind" trademark filing service.  
15 In the alternate, an actual controversy has arisen and now exists between  
16 Plaintiffs and the State Bar of California regarding the State Bar of California's  
17 failure to prevent LegalZoom from operating its business for the purpose of  
18 filing trademark applications before the USPTO and failure to take action  
19 against LegalZoom for unauthorized practice of law.

23 91. An actual controversy has arisen and now exists between Plaintiffs and  
24 the State Bar of Arizona regarding the State Bar of Arizona's rules disallowing  
25 Plaintiffs to operate as a trademark filing service in the same manner as  
26 LegalZoom with its non-attorney "peace of mind" trademark filing service. In  
27  
28



1 the alternate, an actual controversy has arisen and now exists between Plaintiffs  
2 and the State Bar of Arizona regarding the State Bar of Arizona's failure to  
3 prevent LegalZoom from operating its business for the purpose of filing  
4 trademark applications before the USPTO and failure to take action against  
5 LegalZoom for unauthorized practice of law.  
6  
7

8 92. An actual controversy has arisen and now exists between Plaintiffs and  
9 the State Bar of Texas regarding the State Bar of Texas's rules disallowing  
10 Plaintiffs to operate as a trademark filing service in the same manner as  
11 LegalZoom with its non-attorney "peace of mind" trademark filing service. In  
12 the alternate, an actual controversy has arisen and now exists between Plaintiffs  
13 and the State Bar of Texas regarding the State Bar of Texas's failure to prevent  
14 LegalZoom from operating its business for the purpose of filing trademark  
15 applications before the USPTO and failure to take action against LegalZoom for  
16 unauthorized practice of law.  
17  
18  
19

20 93. As a California licensed law firm and a California licensed attorney,  
21 Plaintiffs LegalForce RAPC Worldwide and Raj Abhyanker have built robust  
22 practices to conduct conflict checks for client trademark matters, have had to  
23 maintain legal malpractice insurance, and have had to employ U.S. licensed  
24 attorneys to review and sign off on trademark matters filed before the United  
25 States Patent & Trademark Office to avoid unauthorized practice of law  
26  
27  
28

1 challenges to their business.

2  
3 94. By not operating as a law firm, upon reason and belief, LegalZoom  
4 conducts no conflict checks for client trademark matters, has not had to maintain  
5 legal malpractice insurance, and has not had to employ U.S. licensed attorneys to  
6 review and sign off on trademark matters filed before the USPTO to avoid  
7 unauthorized practice of law challenges to its business for its non-attorney  
8 “peace of mind” non-attorney trademark filing service.  
9  
10

11 95. Being substantially owned by attorney Raj Abhyanker, Plaintiff  
12 LegalForce, Inc. has been unable to adopt the model of LegalZoom for its  
13 non-attorney “peace of mind” non-attorney trademark filing service to file  
14 trademark applications before the United States Patent & Trademark Office and  
15 raise external capital without exposing itself to unauthorized practice of law  
16 challenges to its business and Chief Executive Officer Raj Abhyanker. (See  
17  
18 **Exhibit Z**).  
19

20 96. Plaintiffs have sought and received ethics counsel from highly respected  
21 ethics counsel informing them they should have human attorney review on final  
22 steps such as signing trademark forms at the USPTO on behalf of end users and  
23 modifying goods and services descriptions.  
24  
25

26 97. Plaintiffs have been informed by ethics counsel that the USPTO, the  
27 State Bar of California, and the State Bar of Arizona would not provide any  
28

1 advance guidance as to whether Plaintiffs could adopt LegalZoom's  
2 non-attorney "peace of mind" trademark filing service model, and the State Bar  
3 of California and the USPTO had to date not taken any action against  
4 LegalZoom because, upon reason and belief, they are presumably afraid of the  
5 financial clout of LegalZoom. Upon reason and belief, the USPTO knows full  
6 well how many U.S. trademarks are processed by LegalZoom as LegalZoom  
7 receives a link to sign each trademark through an internal email address of  
8 LegalZoom directly from the USPTO, prior to forwarding it on to its customers,  
9 and collects government fees directly from LegalZoom's bank accounts.  
10  
11  
12  
13

14 98. For this reason, Plaintiffs seek declaratory judgment from this Court  
15 because LegalZoom continues to threaten Plaintiffs by outbidding them on  
16 online advertising for words related to "trademark filing" and "trademark  
17 attorney" with its non-attorney "peace of mind" trademark filing service while  
18 Plaintiffs have no recourse to compete without this Court providing clarity via  
19 this declaratory judgment action and instant causes of action. Plaintiffs have  
20 not been able to compete on an equal playing field with LegalZoom with its  
21 non-attorney "peace of mind" trademark filing service and are being denied  
22 equal protection in practicing their profession and for this reason seek this  
23 declaratory judgment.  
24  
25  
26

27 99. Upon reason and belief, the USPTO, the State Bar of California, the  
28

1 State Bar of Arizona, and the State Bar of Texas all refuse to take action against  
2 LegalZoom because it is not a law firm and has no lawyers representing clients  
3 practicing in a jurisdiction in which they have enforcement powers. This seems  
4 illogical to Plaintiffs as LegalZoom has a co-founder, a Chief Strategy Officer,  
5 and Chief Technology Officer Eddie Hartman who is a member of the California  
6 Bar (despite never having gone to law school under the “Law Office Study  
7 Program”, Bar #275,541), co-founder and Chairman Brian P. Y. Liu who is a  
8 member of the California Bar (Cal Bar #186,352), and Brian Sung Lee  
9 (suspended attorney, Cal Bar #188,280), but the State Bars and USPTO have  
10 declined to scrutinize their practice, upon reason and belief.  
11  
12  
13  
14

15 100. Plaintiffs seek Declaratory Judgement on the following assertions :

16 a. A licensed attorney is permitted to employ non-lawyer assistants to  
17 recommend and advise on selection of classifications of goods and services for  
18 trademark applications sought to be filed with the USPTO directly to customers,  
19 modify standard descriptions from the USPTO ID manual directly for customers,  
20 and pay government fees on behalf of customers who are not represented by a  
21 lawyer.  
22  
23

24 b. A licensed law firm is permitted to employ non-lawyer assistants to  
25 recommend and advise on selection of classifications of goods and services for  
26 trademark applications sought to be filed with the USPTO directly to customers,  
27  
28

1 modify standard descriptions from the USPTO ID manual directly for customers,  
2  
3 and pay government fees on behalf of customers who are not represented by a  
4 lawyer.

5 c. A legal technology C corporation organized in any state within the United  
6 States substantially owned by one or more California and USPTO licensed  
7 attorneys is permitted to employ non-lawyer assistants to recommend and advise  
8 on selection of classifications of goods and services for trademark applications  
9 sought to be filed with the USPTO directly to customers, modify standard  
10 descriptions from the USPTO ID manual directly for customers, and pay  
11 government fees on behalf of customers who are not represented by a lawyer.  
12  
13

14 d. A legal technology C corporation organized in any state within the United  
15 States doing business in California and substantially owned by an attorney or a  
16 licensed law firm is not required to conduct conflict checks before assisting  
17 customers that request filings of U.S. trademarks before the USPTO.  
18  
19

20 e. A legal technology C corporation organized in any state within the United  
21 States doing business in California and substantially owned by an attorney or  
22 licensed law firm is not required to deposit money collected from customers  
23 wishing to file U.S. trademarks before the USPTO into an IOLTA trust account  
24 on behalf of a customer.  
25  
26

27 f. A licensed law firm organized in any state within the United States is  
28

permitted to sell ownership in its business to non-lawyer investors.

g. A foreign law firm organized as an Alternative Business Structure (ABS) law firm in the United Kingdom is permitted to practice law within the United States before the United States Patent & Trademark Office if it hires lawyers in the United States that comply with applicable State Bar and USPTO rules.

## **SECOND CLAIM FOR RELIEF**

### **UNREASONABLE RESTRAINT OF TRADE IN VIOLATION OF SECTION 1 of the SHERMAN ACT, 15 U.S.C. §1. (Against All Defendants and DOES 1-50)**

101. Plaintiffs incorporate herein by reference paragraphs **1-100** above.

102. On February 25, 2015, the Supreme Court handed down its landmark decision in *North Carolina State Board of Dental Examiners v. Federal Trade Commission*, 135 S. Ct. 1101 (2015) (alternatively, “*Dental Examiners*”). Affirming the decision of the United States Court of Appeals for the Fourth Circuit, the Supreme Court held that a state agency controlled by active market participants in the occupation the agency regulates must be actively supervised by a politically accountable state official in order to enjoy immunity from federal antitrust laws. 135 S. Ct. at 1114. The Supreme Court observed, quite logically, that “[w]hen a state empowers a group of active market participants to decide who can participate in its market, and on what terms, the need for supervision is manifest.” *Id.*

103. The North Carolina State Bar (alternatively, the “State Bar”) had hoped for a different ruling in the Dental Examiners case. Like the North Carolina State Board of *Dental Examiners*, the State Bar is a “state agency” composed primarily of licensed professionals who participate actively in the very market that the State Bar regulates. The State Bar was sufficiently worried about the Dental Examiners case that it filed a “friend of the court” brief in the Supreme Court, arguing that unless the Supreme Court reversed the Fourth Circuit’s decision, the State Bar would face antitrust lawsuits based on its unsupervised regulation of the market for legal services. In fact, the State Bar specifically predicted that unless the Supreme Court extended Sherman Act immunity to cover the Dental Board, the State Bar would face the threat of civil liability for treble damages and attorney’s fees, and possibly even criminal prosecution, under the federal antitrust laws.<sup>21</sup>

104. The Supreme Court rejected the State Bar’s arguments, instead holding that a “state agency” composed primarily of market participants is immune from antitrust liability only if its anti competitive actions are in pursuit of a clearly articulated state policy and are actively supervised by the state.

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<sup>21</sup> Brief of North Carolina State Bar et al., available at [https://www.americanbar.org/content/dam/aba/publications/supreme\\_court\\_preview/BriefsV4/13-534\\_pet\\_amcu\\_ncsb-et-al.authcheckdam.pdf](https://www.americanbar.org/content/dam/aba/publications/supreme_court_preview/BriefsV4/13-534_pet_amcu_ncsb-et-al.authcheckdam.pdf) (last visited December 15, 2017). LegalZoom, along with other companies and thirteen law professors, filed an amicus brief urging affirmance and explaining how excessive state bar regulation of the market for legal services contributes to the crisis of access to justice and is sometimes abused for anti competitive purposes. Brief of LegalZoom et al., available at <http://sblog.s3.amazonaws.com/wp-content/uploads/2014/08/13-534-Shake.pdf> (last visited December 15, 2017).

1 Reacting to the legal exposure confirmed by the *Dental Examiners* decision, the  
2 North Carolina State Bar promptly sponsored legislation that would require the  
3 North Carolina Attorney General to “actively supervise” certain of the State  
4 Bar’s actions taken to enforce its members’ monopoly on providing legal  
5 services, including the State Bar’s actions taken against perceived competitors it  
6 claims are engaged in the “unauthorized practice of law.”  
7  
8

9  
10 105. By proposing this legislation the State Bar has expressly conceded that  
11 such supervision is necessary for the State Bar to obtain immunity from liability  
12 for violating the federal antitrust laws. To date, the State Bar’s proposed  
13 legislation has not been enacted and remains pending in the North Carolina  
14 legislature. Plaintiffs expresses no opinion as to whether the proposed  
15 legislation, as drafted, would satisfy the *Dental Examiners* standard.<sup>22</sup>  
16  
17

18 106. As the North Carolina State Bar predicted, and as the U.S. Supreme  
19 Court considered and implicitly held, the unsupervised activities of any State  
20 Bar are now fully subject to the reaches of the federal antitrust laws. Therefore,  
21 Plaintiffs bring this cause of action under the federal antitrust laws to challenge  
22 and seek redress from certain anticompetitive, exclusionary, and monopolistic  
23 conduct by LegalZoom, USPTO, State Bar of California, State Bar of Texas,  
24 State Bar of Arizona and other actors. In the clear absence of state-action  
25  
26  
27  
28

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<sup>22</sup> See Senate Bill 353, North Carolina General Assembly (filed Mar. 31, 2015); Ronald L. Gibson, An Update on Legislation and Litigation, N.C. State Bar J. at 7-8 (Summer 2015).



1 immunity, the actions of Defendants, as outlined below, violate the Sherman  
2 Act, 15 U.S.C. §§ 1 and 2.

3  
4 107. Plaintiffs have been compelled to file this lawsuit because Defendants  
5 are illegally and unreasonably restraining trade in the market for federal  
6 trademark application legal services, including delivery through online websites,  
7 in California, Arizona, Texas, and in all states before the United States Patent &  
8 Trademark Office (the “Relevant Market”).  
9  
10

11 108. Specifically, LegalZoom is illegally and unreasonably excluding  
12 Plaintiffs from offering similar services by its own public statements on  
13 YouTube. Specifically, LegalZoom’s CEO John Suh has admitted that there is  
14 unfair competition between lawyers (e.g., such as Plaintiffs) and LegalZoom,  
15 saying that “**I can destroy innovation and disruption** if I take two elements  
16 away #1 capital, and #2 a team.”<sup>23</sup> LegalZoom’s CEO John Suh went on to say  
17 seconds later that “the legal industry does not allow law firms to raise capital”,  
18 and “it does not allow them to recruit non-lawyers to the cause”<sup>24</sup> and boasting  
19 “it will be impossible without those two elements”<sup>25</sup> for lawyers to compete with  
20 LegalZoom which uniquely has both these “elements.”  
21  
22  
23

24 109. In addition, the USPTO unfairly conspired, and continues to conspire,  
25  
26

27 <sup>23</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=9m34s>

28 <sup>24</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=10m18s>

<sup>25</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=10m36s>

1 with LegalZoom by assisting LegalZoom in maintaining its unreasonable  
2 restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. §1 by  
3 knowingly sending to LegalZoom links to fill out its USPTO forms on behalf of  
4 LegalZoom customers (**Exhibit F**) and sign away rights of LegalZoom  
5 customers while paying government fees on behalf of LegalZoom's customers  
6 using a credit card and/or deposit account directly on the USPTO website  
7 (**Exhibit W**).

11 110. In addition, the USPTO is unfairly conspiring with LegalZoom to  
12 violate Section 1 of the Sherman Act, 15 U.S.C. §1 because it has not provided  
13 any guidance to Plaintiffs or anyone else permitting Plaintiffs to operate as a  
14 trademark filing service in the same manner as LegalZoom with its non-attorney  
15 "peace of mind" trademark filing service, all the while turning a blind eye to  
16 LegalZoom.

19 111. The State Bar of California is unfairly conspiring with LegalZoom to  
20 violate Section 1 of the Sherman Act, 15 U.S.C. §1 because it has not provided  
21 any guidance to Plaintiffs or anyone else permitting them to operate as a  
22 trademark filing service in the same manner as LegalZoom with its non-attorney  
23 "peace of mind" trademark filing service, all the while turning a blind eye to  
24 LegalZoom.

27 112. The State Bar of Arizona is unfairly conspiring with LegalZoom to  
28

1 violate Section 1 of the Sherman Act, 15 U.S.C. §1 because it has not provided  
2 any guidance to the Plaintiffs or anyone else permitting them to operate as a  
3 trademark filing service in the same manner as LegalZoom with its non-attorney  
4 “peace of mind” trademark filing service, all the while turning a blind eye to  
5 LegalZoom.  
6  
7

8 113. The State Bar of Texas is unfairly conspiring with LegalZoom to  
9 violate Section 1 of the Sherman Act, 15 U.S.C. §1 because it has not provided  
10 any guidance to the Plaintiffs or anyone else permitting them to operate as a  
11 trademark filing service in the same manner as LegalZoom with its non-attorney  
12 “peace of mind” trademark filing service, all the while turning a blind eye to  
13 LegalZoom.  
14  
15

16 114. Defendants are illegally and unreasonably excluding Plaintiffs from  
17 offering trademark filing services without the assistance of an attorney in this  
18 state, in violation of the Sherman Antitrust Act.  
19

20 115. The USPTO, the State Bar of California, the State Bar of Arizona, and  
21 the State Bar of Texas have and exercise the power to exclude lawyers and  
22 nonlawyers from competing in the Relevant Market in various ways.  
23

24 116. Although designated state agencies, upon reason and belief, the State  
25 Bar of California, the State Bar of Arizona, and the State Bar of Texas in fact are  
26 controlled by private individuals who actively participate in the Relevant  
27  
28

1 Market. This group of active market participants regulate the Relevant Market,  
2 exercising the limited power granted by the Legislature, as well as power that  
3 the Legislature has not granted.  
4

5 117. For years, upon reason and belief, the State Bar of California, the State  
6 Bar of Arizona, and the State Bar of Texas, by and through their agents and  
7 Council members, have engaged in unsupervised anticompetitive activity under  
8 the guise of regulating the “unauthorized practice of law.” In doing so, the State  
9 Bar of California, the State Bar of Arizona, and the State Bar of Texas, like the  
10 North Carolina State Board of Dental Examiners before them, regularly exceed  
11 their grant of legislative authority by engaging in misleading “cease and desist”  
12 letter campaigns designed to intimidate and bully licensed lawyers within their  
13 own jurisdiction into ceasing activities that they permit LegalZoom to provide.  
14  
15

16 118. The USPTO, the State Bar of California, the State Bar of Arizona, and  
17 the State Bar of Texas have also engaged in unauthorized and anticompetitive  
18 conduct illegally and unreasonably restraining trade in the Relevant Market by  
19 enforcing their rules unfairly against licensed lawyers within their jurisdictions  
20 but not against LegalZoom.  
21  
22

23 119. Defendants’ anticompetitive activity is not, and has not been, in pursuit  
24 of a clearly articulated state or federal policy; indeed, it has been in direct  
25 contravention of that policy. In addition, Defendant Legal Zoom’s  
26  
27  
28

1 anticompetitive conduct is, and has been, wholly unsupervised by the USPTO,  
2 the State Bar of California, the State Bar of Arizona, and the State Bar of Texas.  
3 The USPTO, the State Bar of California, the State Bar of Arizona, and the State  
4 Bar of Texas's anticompetitive conduct exceeds their statutory authority.  
5 Therefore, Defendants' conduct is not entitled to immunity from the federal  
6 antitrust laws.  
7

8  
9 120. Defendants' unlawful and unreasonable exclusion of licensed lawyers  
10 from performing services, the way LegalZoom does in the Relevant Market, has  
11 injured competition in the Relevant Market and caused Plaintiffs to lose more  
12 than twenty million dollars (\$20,000,000) of sales in the Relevant Markets.  
13 Plaintiffs brings this lawsuit to recover from Defendants' actual and treble  
14 damages under the Sherman Act, totaling more than sixty million dollars  
15 (\$60,000,000), exclusive of fees and costs. Plaintiffs also seek permanent  
16 injunctive relief as described herein.  
17

18  
19 121. Defendants' activities and the conduct of Defendants and their  
20 co-conspirators occurred in and/or affected a substantial portion of interstate  
21 commerce, including trade and commerce to, from, and within this District.  
22

23  
24 122. As described above, beginning at least as early as September 2010 and  
25 continuing through at least December 2017, Defendants and their  
26 co-conspirators entered into a continuing agreement, understanding, combination  
27  
28

1 and/or conspiracy in restraint of trade, resulting in harm both to competition  
 2 generally and to Plaintiffs specifically, in violation of Section 1 of the Sherman  
 3 Act.  
 4

5 123. Defendants' refusal to permit Plaintiffs to operate in the same manner  
 6 as LegalZoom constitutes a boycott, a collective refusal to deal with  
 7 LegalZoom's unauthorized practice of law and exclusion of a competitor from  
 8 the Relevant Market by Market Participants with market power, and thus is a per  
 9 se antitrust violation. In the alternative, Defendants' refusal to permit Plaintiffs  
 10 from operating in the same way as LegalZoom with respect to federal trademark  
 11 matters constitutes an unreasonable restraint of trade.  
 12

13 124. Defendants' unlawful combination and conspiracy injured competition  
 14 in the Relevant Market and proximately caused Plaintiffs economic loss and  
 15 damages by their refusal to permit Plaintiffs from operating the same way as  
 16 LegalZoom with respect to federal trademark matters.  
 17

### 18 **THIRD CLAIM FOR RELIEF**

19 **FEDERAL FALSE & MISLEADING ADVERTISING AND UNFAIR**  
 20 **COMPETITION IN VIOLATION OF THE LANHAM ACT, 15 U.S.C.. §**  
 21 **1125(a)**

22 **(Against LegalZoom, Liu, and Hartman and DOES 1-50)**  
 23

24 125. Plaintiffs incorporate herein by reference paragraphs **1-124** above.  
 25

26 126. The Lanham Act prohibits any false description or representation,  
 27 including words or other symbols tending falsely to describe or represent the  
 28

1 same, made in connection with any goods or services entered into commerce.

2  
3 127. LegalZoom is not a law firm in the United States and is not authorized  
4 to practice law in any state. LegalZoom is not a registered or bonded legal  
5 document assistant under California Business and Professions Code, sections  
6 §6400 et seq. (**Exhibit M**, highlighted).

7  
8 128. Despite this, LegalZoom's CEO John Suh has recently falsely implied  
9 that in its "chapter 3" of LegalZoom's corporate evolution, it can provide legal  
10 services in the United States after it became a law firm in United Kingdom in  
11 2015 when he stated as much in an Ernst & Young interview<sup>26</sup> and a similar  
12 interview with a customer Bill Carmody in the United States<sup>27</sup> less than a month  
13 earlier. Suh even falsely explained that LegalZoom's "chapter 3" foreign law  
14 firm structure as permitting practice of law in the United States to the New  
15 Hampshire Bar boasting that they have spent two years advertising their new  
16 "law firm" structure and how certain practice areas are entirely done with a  
17 lawyer.<sup>28</sup> In reality, LegalZoom is not a law firm in the United States and is not  
18 authorized to practice law in any state. LegalZoom has become a law firm in  
19 the United Kingdom only after acquiring a law firm in that country following  
20 deregulation of ownership of law firms in the United Kingdom in 2012.  
21  
22  
23  
24  
25  
26

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27 <sup>26</sup> LegalZoom exec reflects on the company's evolution, on November 16, 2016,

<https://www.youtube.com/watch?v=ORbZcMmDJOs&t=2m11s>

28 <sup>27</sup> John Suh, CEO of LegalZoom interview with Bill Carmody on October 21, 2016,

<https://www.youtube.com/watch?v=aOKFr2XTbsE&t=12m52s>

<sup>28</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,

<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=4m31s>

1 **(Exhibit G).**

2  
3 129. The Lanham Act prohibits false and misleading advertising and  
4 prohibits advertisers like LegalZoom from making any claim, and directly or  
5 indirectly, in words or in substance, qualified or unqualified, that contain express  
6 or implied falsehoods.  
7

8 130. LegalZoom has threatened Plaintiff LegalForce RAPC Worldwide's  
9 business directly by misleading consumers and unfairly competing with  
10 Plaintiffs for the keywords "trademark filing attorney", "trademark lawyer", and  
11 Plaintiffs' trademark business and personal names including "LegalForce" and  
12 "Raj Abhyanker" among hundreds of other keywords. The conduct is unfair  
13 and unethical because LegalZoom makes a number of false and misleading  
14 statements in its advertising copy.  
15  
16  
17

18 131. As described above, LegalZoom has made false and/or misleading  
19 statements of fact concerning the "attorney" nature of its services and products  
20 in its online advertising and promotion, including but not limited to:  
21

22 A. Representing that customers can "Speak to an Attorney" and "Avoid Costly  
23 Conflicts" while bidding on keywords including "trademark attorney",  
24 "trademark lawyer", "legalforce", and "legalforce trademarks", and misdirecting  
25 users to their \$199 "peace of mind" non-attorney guided trademark filing  
26 service.  
27  
28



1 B. Representing that customers can “Speak to an Attorney” in paid search ad  
2 copy when, in fact, customers must first sign up for LegalZoom’s legal plan,  
3 which automatically renews for \$29.99 a month.  
4

5 132. LegalZoom uses the search terms “LegalForce”, “Raj Abhyanker” or  
6 “Trademarkia” to redirect customers to LegalZoom’s false and misleading  
7 advertisements and to disseminate such false and misleading advertisements in  
8 interstate commerce, and at least ones directed toward Raj Abhyanker personally  
9 are defamatory in the sense that it purports to falsely imply that Raj Abhyanker  
10 is associated with “costly conflicts.” As a result, LegalZoom has widely  
11 disseminated such false and misleading advertisements via the internet to  
12 relevant purchasing public so as to sufficiently constitute commercial advertising  
13 under the Lanham Act.  
14  
15  
16  
17

18 133. LegalZoom’s non-attorney trademark document specialists in its \$199  
19 “peace of mind” service unlawfully assist customers with modifying goods and  
20 services descriptions, selecting classifications of trademarks to be filed before  
21 the United States Patent & Trademark Office, and filing trademarks before the  
22 United States Patent & Trademark Office.  
23

24 134. LegalZoom’s false and misleading advertisements have deceived a  
25 substantial segment of the audience exposed to it, or have the capacity for such  
26 deception, and have influenced, or are likely to influence, consumer purchasing  
27  
28

1 decisions.

2  
3 135. LegalZoom sells, offers for sale, distributes, and/or advertises goods  
4 and services to consumers that directly compete with Plaintiffs' sales of their  
5 own services and products.  
6

7 136. LegalZoom's conduct demonstrates an intentional, willful, and  
8 malicious intent to deceive consumers and unfairly compete with Plaintiffs.  
9

10 137. LegalZoom's false and misleading advertisements have caused and,  
11 unless enjoined, will continue to cause immediate and irreparable harm to  
12 Plaintiffs for which there is no adequate remedy at law. In addition, as a result  
13 of LegalZoom's false and misleading advertisements, Plaintiffs have been  
14 injured, including but not limited to, decline in sales and market share, loss of  
15 goodwill, and additional losses and damages. Furthermore, LegalZoom has been  
16 unjustly enriched at the expense of Plaintiffs as a consequence of LegalZoom's  
17 false and misleading advertising. Accordingly, Plaintiffs are entitled to  
18 injunctive relief and to recover actual damages, enhanced profits and damages,  
19 costs, LegalZoom's profits, and reasonable attorneys' fees under 15 U.S.C. §§  
20 1114, 1116, and 1117.  
21  
22  
23

24 138. Defendants Liu, Hartman, and Lee have unfairly competed with  
25 Plaintiffs because they are practitioners who have created a professional  
26 corporation (LegalZoom) which is practicing law for a profit with shareholders  
27  
28

1 who are non-practitioners in violation of CFR §11.504.

2  
3 139. Upon reason and belief, Defendants Lee has also unfairly competed as  
4 a suspended California attorney as of 1999 who formed his corporation  
5 LegalZoom.com, Inc. with Liu and Hartman in 2007 (continuing former  
6 corporation LegalZoom Delaware, Inc. formed while Lee was still suspended in  
7 2000) while profiting indirectly as a shareholder from the over two-hundred fifty  
8 thousand (250,000) trademarks filed with the United States Patent & Trademark  
9 Office through the LegalZoom website. Suspended attorney Lee has admitted  
10 being the “worst lawyer” and “talk to anyone I did work for” and “you could  
11 come to me with a parking ticket, [and] you would end up in jail” and further  
12 admitting “you have to be detail oriented to be a good lawyer, and I am not that  
13 detail oriented.”<sup>29</sup>

14  
15  
16  
17  
18 **FOURTH CLAIM FOR RELIEF**  
19 **CALIFORNIA FALSE & MISLEADING ADVERTISING IN VIOLATION OF**  
20 **CAL. BUS. & PROF. CODE § 17500 *ET SEQ.* and § 17600 *ET SEQ.***  
**(Against LegalZoom, Liu, and Hartman and DOES 1-50)**

21 140. Plaintiffs incorporate herein by reference paragraphs **1-139** above.

22 141. At all relevant times herein mentioned, LegalZoom is a corporation  
23 doing business at 101 N. Brand Blvd., Glendale CA 91203.

24 142. LegalZoom is not a law firm in the United States and is not authorized  
25 to practice law in any state. LegalZoom is not a registered or bonded legal  
26  
27  
28

<sup>29</sup> PandoDaily, May 11, 2013, <https://www.youtube.com/watch?v=RE5HxiLpxd0&t=8m00s>.

document assistant under California Business and Professions Code, sections §6400 et seq. (**Exhibit M**, highlighted).

143. Despite this, LegalZoom’s CEO John Suh has recently falsely implied that in its “chapter 3” of LegalZoom’s corporate evolution, it can provide legal services in the United States after it became a law firm in United Kingdom in 2015 when he stated as much in an Ernst & Young interview<sup>30</sup> and a similar interview with a customer Bill Carmody in the United States<sup>31</sup> less than a month earlier. Suh even falsely explained that LegalZoom’s law firm structure in the United Kingdom enables the company to practice law in the United States to the New Hampshire Bar while also boasting that LegalZoom has spent two years advertising their new “law firm” structure and how certain practice areas are entirely done with a lawyer.<sup>32</sup> In reality, LegalZoom is not a law firm in the United States and is not authorized to practice law in any state. LegalZoom has become a law firm in the United Kingdom only after acquiring a law firm in that country following deregulation of ownership of law firms in the United Kingdom in 2012. (**Exhibit G**).

144. LegalZoom has threatened Plaintiff LegalForce RAPC Worldwide’s business directly by misleading consumers searching Google and Bing for

<sup>30</sup> LegalZoom exec reflects on the company’s evolution, on November 16, 2016, <https://www.youtube.com/watch?v=ORbZcMmDJOs&t=2m11s>

<sup>31</sup> John Suh, CEO of LegalZoom interview with Bill Carmody on October 21, 2016, <https://www.youtube.com/watch?v=aOKFr2XTbsE&t=12m52s>

<sup>32</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016, <https://www.youtube.com/watch?v=ClBpYWcc6jU&t=4m31s>

1 “trademark attorney” and “trademark lawyer” to non-attorney “peace of mind”  
2 trademark landing pages. This creates unfair competition for Plaintiffs which  
3 file all trademarks of their clients before the USPTO with representation by  
4 licensed attorneys at LegalForce RAPC Worldwide’s offices, in either California  
5 or Arizona. The conduct is unfair and unethical because LegalZoom makes a  
6 number of false and misleading statements in its advertising copy.  
7  
8

9  
10 145. Beginning on a date unknown to Plaintiffs but likely within at least the  
11 last three (3) years preceding the filing of the Complaint, LegalZoom, acting  
12 directly or indirectly with the intent to induce members of the public to engage  
13 LegalZoom’s services and purchase LegalZoom’s products, made or caused to  
14 be made, in violation of Business and Professions Code Section §17500, untrue  
15 or misleading statements in the state of California via its website, that include,  
16 but are not limited to, the following:  
17  
18

19 A. Representing that customers can “Speak to an Attorney” and “Avoid  
20 Costly Conflicts” while bidding on keywords including “trademark attorney”,  
21 “trademark lawyer”, “legalforce”, and “legalforce trademarks”, while  
22 misdirecting users to their \$199 “peace of mind” non-attorney guided trademark  
23 filing service.  
24  
25

26 B. Representing that customers can “Speak to an Attorney” in paid search ad  
27 copy when, in fact, customers must first sign up for LegalZoom’s legal plan,  
28

1 which automatically renews for \$29.99 a month. Representing that customers  
2 can “Speak to an Attorney” when, in fact, access to the “help form an attorney”  
3 are available only after customers become paid members of LegalZoom’s legal  
4 plan. This membership requirement for the “Speak to an Attorney” is **not**  
5 disclosed anywhere on the Google AdWords advertisements. Moreover, this  
6 membership requirement is not in close proximity to the advertisements in  
7 landing page button for “Start My Trademark” and appears below the fold on  
8 most monitor screens in small print. **(Exhibit A, Exhibit B, Exhibit C, and**  
9 **Exhibit O).**

10  
11 C. There is no disclosure in a “clear and conspicuous” manner in the  
12 advertising copy on Google AdWords text in visual proximity of the content that  
13 in order to “Speak to an Attorney” one must become a paid member of  
14 LegalZoom’s Legal Plan which is in violation of Section §17602(a)(1) of the  
15 Business and Professions Code. **(Exhibit A, Exhibit B, Exhibit C, and Exhibit**  
16 **O).**

17  
18 146. While using Plaintiffs’ AdWords to trigger and disseminate the  
19 advertisements herein alleged, LegalZoom knew, or by the exercise of  
20 reasonable care should have known, that the advertisements were untrue and  
21 misleading and so acted in violation of Section §17500 of the Business and  
22 Professions Code. LegalZoom’s advertising further violates Section §17509 and  
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24  
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1 Section §17600 *et seq.* in that the advertisements herein alleged require, as a  
2 condition to the “Speak to an Attorney”, the purchase of paid membership  
3 and/or the enrollment in a trial membership plan subject to a negative option  
4 without adequate disclosure to customers.  
5

6  
7 147. LegalZoom’s non-attorney trademark document specialists in its \$199  
8 “peace of mind” service unlawfully assist customers with modifying goods and  
9 services descriptions, selecting classifications of trademarks to be filed before  
10 the USPTO, and filing trademarks before the USPTO.  
11

12 148. LegalZoom has been unjustly enriched through its false and misleading  
13 advertising.  
14

15 149. Plaintiffs have lost business caused by the false and misleading  
16 LegalZoom advertisements as a result of at least one customer refusing to do  
17 business with LegalZoom due to the fact that LegalZoom advertisements falsely  
18 implying that LegalZoom offers trademark filing services with the USPTO with  
19 the assistance of an attorney for their \$199 “peace of mind review” service.  
20  
21

22 150. Unless restrained by this court, LegalZoom will continue with its  
23 untrue and misleading advertising, as alleged above, in violation of Section  
24 §17500 of the Business and Professions Code and in violation of Section §17509  
25 of the California Business and Professions Code, thus, tending to render  
26 judgment in the instant action ineffectual and will cause additional injury to  
27  
28

1 Plaintiffs for which Plaintiffs have no adequate remedy at law.

2  
3 151. Pursuant to California Business and Professions Code Section §17500,  
4 Plaintiffs seek an order of this Court preliminarily and permanently enjoining  
5 LegalZoom from continuing to engage in the false and misleading advertising  
6 set forth herein, as well as compensatory damages and restitution.  
7

8 152. LegalZoom's non-attorney trademark document specialists in its \$199  
9 "peace of mind" service unlawfully assist customers with modifying goods and  
10 services descriptions, selecting classifications of trademarks to be filed before  
11 the USPTO, and filing trademarks before the USPTO.  
12

13 153. LegalZoom's business practices and acts, fully described above,  
14 constitute an unlawful practice of law and create false and misleading  
15 impressions on potential clients of Plaintiff LegalForce RAPC Worldwide.  
16

17 154. LegalZoom's business model and acts, including but not limited to its  
18 website and false and misleading advertising, constitute unfair practices,  
19 intentionally aimed at getting ahead of any competitors with lawful business  
20 conduct such as LegalForce. The acts alleged herein continue to present a threat  
21 to LegalForce and average consumers, especially the ones with limited  
22 resources.  
23

24 155. LegalZoom's acts were, and are, likely to deceive an average  
25 consumer, and thus constitute unfair business practices as described herein.  
26  
27  
28



1           156. If Declaratory Judgment is not awarded permitting Plaintiffs to  
2  
3 prepare, review and advise customers on trademarks to be filed before the  
4 USPTO office as described above, then:

5           a. LegalZoom has engaged in unlawful, unfair and fraudulent business practices  
6  
7 and damaged the public and Plaintiffs through the conduct alleged herein.

8           b. Plaintiffs are informed, believe, and thereupon allege that LegalZoom's  
9  
10 conduct as described herein was, and is, unlawful, unfair and/or fraudulent in  
11 violation of Section §17000 *et. sq.* of the California Business and Professions  
12 Code and has the potential to cause, and has in fact caused, confusion in the  
13 marketplace.  
14

15           c. Plaintiffs have been irreparably harmed and will continue to be irreparably  
16  
17 harmed as a result of LegalZoom's unlawful acts unless enjoined by this Court.

18           d. The conduct herein complained of was extreme, outrageous, surreptitious,  
19  
20 and was inflicted on Plaintiffs in reckless disregard of Plaintiffs' rights.

21           e. Plaintiffs are entitled to an injunction restraining LegalZoom, and all persons  
22  
23 acting in concert with them, from engaging in such further acts of unfair  
24 competition, including:

25           i. Enjoining non-lawyer assistants of LegalZoom to recommend and advise on  
26  
27 selection of classifications of goods and services for trademark applications  
28 sought to be filed with the USPTO directly to customers, modify standard

descriptions from the USPTO ID manual directly for customers and pay government fees on behalf of customers who are not represented by a lawyer.

ii. Enjoining LegalZoom from purchasing misleading advertising related to “trademark attorney”, “trademark lawyer”, and related keywords for non-attorney “peace of mind” trademark filing services offered by LegalZoom with respect to U.S. trademark matters.

**FIFTH CLAIM FOR RELIEF**  
**CALIFORNIA UNFAIR COMPETITION IN VIOLATION OF**  
**CAL. BUS. & PROF. CODE § 17200 *ET SEQ.***  
**(Against LegalZoom, Liu, and Hartman and DOES 1-50)**

157. Plaintiffs incorporate herein by reference paragraphs **1-156** above.

158. LegalZoom’s false comparisons with Plaintiffs’ attorney managed U.S. trademark service as being comparable to LegalZoom’s non-attorney “peace of mind” service through misleading advertising, as alleged above, constitute unfair competition in violation of Section §17200 *et seq.* of the California Business and Professions Code.

159. LegalZoom intentionally uses the search terms “LegalForce” and “Trademarkia” to trigger sponsored links and to redirect customers to LegalZoom’s false and misleading advertisements, which deceptively advertise among other things, “Avoid Costly Conflicts”, “File Your Application With the Help Of An Independent Trademark Attorneys”, and “Speak to an Attorney”.

1           160. Plaintiffs are informed and believe that LegalZoom, as a competitor to  
2 Plaintiffs, performed the acts alleged herein for the purpose of injuring Plaintiffs.  
3 The acts alleged herein continue to this day and present a threat to Plaintiffs, the  
4 general public, the trade and consumers.  
5

6           161. As a result of LegalZoom's wrongful acts, Plaintiffs have suffered and  
7 will continue to suffer loss of tens of millions of dollars of income, profits and  
8 valuable business opportunities and if not preliminarily or permanently enjoined,  
9 LegalZoom will have unfairly derived and will continue to derive income,  
10 profits and business opportunities as a result of its wrongful acts.  
11

12           162. Pursuant to California Business and Professions Code Section §17200  
13 *et seq.*, Plaintiffs seek an order of this Court preliminarily and permanently  
14 enjoining LegalZoom from continuing to engage in the unlawful, unfair and  
15 fraudulent acts or practices set forth herein, as well as restitution.  
16

17  
18  
19                           **SIXTH CLAIM FOR RELIEF**  
20                           **PROFESSIONAL NEGLIGENCE**

21                   (Against Defendants LegalZoom, Liu, Hartman, and Lee and DOES 1-50)

22           163. Plaintiffs incorporate herein by reference paragraphs **1-162** above.  
23

24           164. LegalZoom's CEO John Suh has recently falsely implied that in its  
25 "chapter 3" of LegalZoom's corporate evolution, it can provide legal services in  
26 the United States after it became a law firm in United Kingdom in 2015 when he  
27  
28

1 stated as much in an Ernst & Young interview<sup>33</sup> and a similar interview with a  
 2 customer Bill Carmody in the United States<sup>34</sup> less than a month earlier. Suh  
 3 even falsely explained that LegalZoom's law firm structure in the United  
 4 Kingdom enables the company to practice law in the United States to the New  
 5 Hampshire Bar while also boasting that LegalZoom has spent two years  
 6 advertising their new "law firm" structure and how certain practice areas are  
 7 entirely done with a lawyer.<sup>35</sup> In reality, LegalZoom is not a law firm in the  
 8 United States and is not authorized to practice law in any state. LegalZoom has  
 9 become a law firm in the United Kingdom only after acquiring a law firm in that  
 10 country following deregulation of ownership of law firms in the United  
 11 Kingdom in 2012. **(Exhibit G).**

16 165. In addition, upon reason and belief, LegalZoom, attorney Liu, attorney  
 17 Hartman, and suspended attorney Lee owed a duty to Plaintiffs Raj Abhyanker  
 18 and LegalForce RAPC Worldwide when they collected more than \$1000 in legal  
 19 service and government fees from Plaintiffs Raj Abhyanker and LegalForce  
 20 RAPC Worldwide without depositing the funds into an IOLTA trust account and  
 21 conducting a conflict check against existing customers and adverse parties for  
 22 the DRAWMARKIA and PIGGIEBANK trademarks through a corporation they  
 23  
 24  
 25

26  
 27 <sup>33</sup> LegalZoom exec reflects on the company's evolution, on November 16, 2016,  
<https://www.youtube.com/watch?v=ORbZcMmDJOs&t=2m11s>

28 <sup>34</sup> John Suh, CEO of LegalZoom interview with Bill Carmody on October 21, 2016,  
<https://www.youtube.com/watch?v=aOKFr2XTbsE&t=12m52s>

<sup>35</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=4m31s>

1 formed, and in which they are substantial individual shareholders, LegalZoom,  
2 Inc.  
3

4 166. LegalZoom, attorney Liu, attorney Hartman, and suspended attorney  
5 Lee have breached that duty by purposefully engaging in the unauthorized  
6 practice of law with respect to the filing of the DRAWMARKIA and  
7 PIGGIEBANK trademarks on behalf of Plaintiffs Raj Abhyanker and  
8 LegalForce RAPC Worldwide respectively while falsely implying that no legal  
9 advice was to be received in the \$199 “peace of mind” trademark filing service  
10 linked to a Google advertisements falsely implying that attorney help will be  
11 provided.  
12  
13  
14

15 167. Moreover, LegalZoom, attorney Liu, attorney Hartman, and suspended  
16 attorney Lee breached their duty to Plaintiffs Raj Abhyanker and LegalForce  
17 RAPC Worldwide by not supervising non-lawyer assistants Will, Alex, Robert  
18 who provided legal advice including classification selection, description of  
19 goods and services modification, search report preparation, and search report  
20 analysis for the federal trademark applications for DRAWMARKIA and  
21 PIGGIEBANK.  
22  
23

24 168. In addition, LegalZoom, attorney Liu, attorney Hartman, and  
25 suspended attorney Lee and DOES 1-50, each of them owed a duty to Plaintiffs  
26 Raj Abhyanker and LegalForce RAPC Worldwide to act at all times in good  
27  
28

1 faith and in Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide's best  
2 interests, and had a duty, among other things, to perform the services for which  
3 their corporate entity LegalZoom was retained with reasonable care and skill to  
4 prepare and file the DRAWMARKIA and PIGGIEBANK trademarks, to act in  
5 the Plaintiffs' highest and best interests at all times, and to not expose Plaintiffs  
6 Raj Abhyanker and LegalForce RAPC Worldwide to unnecessary risk or peril.  
7

8  
9  
10 169. By providing legal advice in the selection of classification and  
11 description of goods and services to Plaintiffs Raj Abhyanker and LegalForce  
12 RAPC Worldwide using non-lawyer assistants (**Exhibit D**), Defendants  
13 exposed Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide to risk or  
14 peril for their DRAWMARKIA trademarks as described by the USPTO  
15 webpage titled "Proper representation in trademark matters" (**Exhibit A**),  
16 including but not limited to (1) delaying and prolonging in the trademark  
17 application process, potentially leading to abandonment of the DRAWMARKIA  
18 and PIGGIEBANK applications, and jeopardizing the validity of any resulting  
19 registration.  
20  
21  
22

23 170. LegalZoom, attorney Liu, attorney Hartman, and suspended attorney  
24 Lee each breached their neglected fiduciary duties to Plaintiffs Raj Abhyanker  
25 and LegalForce RAPC Worldwide by failing to properly supervise legal  
26 assistants, paid search specialists, and/or on-page marketing specialists in  
27  
28

1 violation of 37 CFR §11.503 – Duty to supervise non-lawyers. Specifically,  
2 LegalZoom, attorney Liu, attorney Hartman, and suspended attorney Lee each  
3 failed to supervise a non-practitioner assistant employed or retained by or  
4 associated with LegalZoom while being responsible for conduct of such a person  
5 that would be a violation of the USPTO Rules of Professional Conduct if  
6 engaged in by a practitioner.  
7

8  
9 171. LegalZoom, attorney Liu, attorney Hartman, and suspended attorney  
10 Lee have also committed professional negligence as attorneys with duties owed  
11 to Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide with regards to  
12 the DRAWMARKIA and PIGGIEBANK trademark applications because they  
13 are practitioners who have created a professional corporation (LegalZoom)  
14 which is practicing law for a profit with shareholders who are non-practitioners  
15 in violation of CFR §11.504.  
16  
17

18  
19 172. Upon reason and belief, Defendants Lee has also committed  
20 professional negligence as a suspended California attorney as of 1999 who  
21 formed his corporation LegalZoom.com, Inc. with Liu and Hartman in 2007  
22 (continuing former corporation LegalZoom Delaware, Inc. formed while Lee  
23 was still suspended in 2000) while profiting indirectly as a shareholder from the  
24 DRAWMARKIA and PIGGIEBANK marks filed with the United States Patent  
25 & Trademark Office by Plaintiffs Raj Abhyanker and LegalForce RAPC  
26  
27  
28

Worldwide through LegalZoom.

173. At all times mentioned here, LegalZoom, attorney Liu, attorney Hartman, and suspended attorney Lee failed to exercise the required standard of care and by failing have jeopardized the validity of the Plaintiffs' DRAWMARKIA and PIGGIEBANK trademarks.

174. Further, as a direct and proximate result of the negligence, omissions, and/or intentional acts of LegalZoom, attorney Liu, attorney Hartman, and suspended attorney Lee, Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide have sustained damages, among other things loss in legal fees paid to LegalZoom in the amount of \$199 and other amounts which will be determined according to proof at trial.

**SEVENTH CLAIM FOR RELIEF**  
**BREACH OF FIDUCIARY DUTIES**

**(Against Defendants LegalZoom, Liu, Hartman, and Lee, and DOES 1-50)**

175. Plaintiffs incorporate herein by reference paragraphs **1-174** above.

176. LegalZoom's CEO John Suh has recently falsely implied that in its "chapter 3" of LegalZoom's corporate evolution, it can provide legal services in the United States after it became a law firm in United Kingdom in 2015 when he stated as much in an Ernst & Young interview<sup>36</sup> and a similar interview with a customer Bill Carmody in the United States<sup>37</sup> less than a month earlier. Suh

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<sup>36</sup> LegalZoom exec reflects on the company's evolution, on November 16, 2016, <https://www.youtube.com/watch?v=ORbZcMmDJOs&t=2m11s>

<sup>37</sup> John Suh, CEO of LegalZoom interview with Bill Carmody on October 21, 2016,



1 even falsely explained that LegalZoom's law firm structure in the United  
 2 Kingdom enables the company to practice law in the United States to the New  
 3 Hampshire Bar while also boasting that LegalZoom has spent two years  
 4 advertising their new "law firm" structure and how certain practice areas are  
 5 entirely done with a lawyer.<sup>38</sup> In reality, LegalZoom is not a law firm in the  
 6 United States and is not authorized to practice law in any state. LegalZoom has  
 7 become a law firm in the United Kingdom only after acquiring a law firm in that  
 8 country following deregulation of ownership of law firms in the United  
 9 Kingdom in 2012. **(Exhibit G).**

13  
 14 177. Upon reason and belief, LegalZoom, attorney Liu, attorney Hartman,  
 15 and suspended attorney Lee breached their fiduciary duty to Plaintiffs Raj  
 16 Abhyanker and LegalForce RAPC Worldwide when they collected more than  
 17 \$1000 in legal service and government fees from Plaintiffs Raj Abhyanker and  
 18 LegalForce RAPC Worldwide without depositing funds into an IOLTA trust  
 19 account and conducting a conflict check against existing customers and adverse  
 20 parties for the DRAWMARKIA and PIGGIEBANK trademarks through a  
 21 corporation they formed and in which they are substantial individual  
 22 shareholders, LegalZoom, Inc.

23  
 24  
 25  
 26 178. In addition, LegalZoom, attorney Liu, attorney Hartman, and  
 27

28 <https://www.youtube.com/watch?v=aOKFr2XTbsE&t=12m52s>

<sup>38</sup> New Hampshire Bar Association Midyear Meeting held in Manchester, NH, on March 4, 2016,  
<https://www.youtube.com/watch?v=ClBpYWcc6jU&t=4m31s>

1 suspended attorney Lee have breached a fiduciary duty by purposefully  
2 engaging in the unauthorized practice of law with respect to the filing of the  
3 DRAWMARKIA and PIGGIEBANK trademarks on behalf of Plaintiffs Raj  
4 Abhyanker and LegalForce RAPC Worldwide respectively while falsely  
5 implying that no legal advice was to be received in the \$199 “peace of mind”  
6 trademark filing service linked to a Google advertisements falsely implying that  
7 attorney help will be provided.  
8  
9  
10

11 179. Moreover, LegalZoom, attorney Liu, attorney Hartman, and suspended  
12 attorney Lee breached their fiduciary duty to Plaintiffs Raj Abhyanker and  
13 LegalForce RAPC Worldwide by not supervising non-lawyer assistants Will,  
14 Alex, and Robert who provided legal advice including classification selection,  
15 description of goods and services modification, search report preparation, and  
16 search report analysis for the federal trademark applications for  
17 DRAWMARKIA and PIGGIEBANK.  
18  
19

20 180. In addition, LegalZoom, attorney Liu, attorney Hartman, and  
21 suspended attorney Lee and DOES 1-50, each of them owed a fiduciary duty to  
22 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide to act at all times in  
23 good faith and in their best interests, and had a duty, among other things, to  
24 perform the services for which their corporate entity LegalZoom was retained  
25 with reasonable care and skill to prepare and file the DRAWMARKIA and  
26  
27  
28

1 PIGGIEBANK trademarks, to act in the Plaintiffs' highest and best interests at  
2 all times, and to not expose Plaintiffs Raj Abhyanker and LegalForce RAPC  
3 Worldwide to unnecessary risk or peril.  
4

5 181. By providing legal advice in the selection of classification and  
6 description of goods and services to Plaintiffs Raj Abhyanker and LegalForce  
7 RAPC Worldwide using non-lawyer assistants (**Exhibit D**), Defendants exposed  
8 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide to risk or peril for  
9 their DRAWMARKIA trademark as described by the USPTO webpage titled  
10 "Proper representation in trademark matters" (**Exhibit A**), including but not  
11 limited to (1) delay and prolong in the trademark application process, potentially  
12 leading to abandonment of the DRAWMARKIA and PIGGIEBANK trademark  
13 applications, and jeopardizing the validity of any resulting registration.  
14  
15  
16  
17

18 182. Defendants LegalZoom, attorney Liu, attorney Hartman, and  
19 suspended attorney Lee each breached their neglected fiduciary duties to  
20 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide by failing to  
21 properly supervise legal assistants, paid search specialists, and/or on-page  
22 marketing specialists in violation of 37 CFR §11.503 – Duty to supervise  
23 non-lawyers. Specifically, LegalZoom, attorney Liu, attorney Hartman, and  
24 suspended attorney Lee each failed to supervise a non-practitioner assistant  
25 employed or retained by or associated with LegalZoom while being responsible  
26  
27  
28

1 for conduct of such a person that would be a violation of the USPTO Rules of  
2 Professional Conduct if engaged in by a practitioner.  
3

4 183. Defendants LegalZoom, attorney Liu, attorney Hartman, and  
5 suspended attorney Lee have also breached their fiduciary duties as attorneys  
6 with duties owed to Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide  
7 because they are practitioners who have created a professional corporation  
8 (LegalZoom) which is practicing law for a profit with shareholders who are  
9 non-practitioners in violation of CFR §11.504.  
10  
11

12 184. Upon reason and belief, Defendant Lee has also breached his fiduciary  
13 duties as a suspended California attorney as of 1999 who formed his corporation  
14 LegalZoom.com, Inc. with Liu and Hartman in 2007 (continuing former  
15 corporation LegalZoom Delaware, Inc. formed while Lee was still suspended in  
16 2000) while profiting indirectly as a shareholder from the DRAWMARKIA and  
17 PIGGIEBANK marks filed with the United States Patent & Trademark Office by  
18 Plaintiffs Raj Abhyanker and LegalForce RAPC Worldwide through  
19 LegalZoom.  
20  
21  
22

23 185. At all times mentioned here, LegalZoom, attorney Liu, attorney  
24 Hartman, and suspended attorney Lee failed to exercise the required standard of  
25 care and by failing to have jeopardized the validity of the DRAWMARKIA and  
26 PIGGIEBANK trademark applications.  
27  
28

1           186. Further, as a direct and proximate result of the negligence, omissions,  
2           and/or intentional acts of LegalZoom, attorney Liu, attorney Hartman, and  
3           suspended attorney Lee, Plaintiffs Raj Abhyanker and LegalForce RAPC  
4           Worldwide have sustained damages, among other things loss in legal fees paid to  
5           LegalZoom in the amount of \$199 and other amounts which will be determined  
6           according to proof at trial.  
7

8  
9  
10                           **PRAYER FOR RELIEF**

11       WHEREFORE, Plaintiffs pray judgment as follows:

12           1. Plaintiffs seek Declaratory Judgement on the following assertions:

13                   a. A licensed attorney is permitted to employ non-lawyer assistants to  
14                   recommend and advise on selection of classifications of goods and  
15                   services for trademark applications sought to be filed with the USPTO  
16                   directly to customers, modify standard descriptions from the USPTO  
17                   ID manual directly for customers, and pay government fees on behalf  
18                   of customers who are not represented by a lawyer.  
19

20                   b. A licensed law firm is permitted to employ non-lawyer assistants to  
21                   recommend and advise on selection of classifications of goods and  
22                   services for trademark applications sought to be filed with the USPTO  
23                   directly to customers, modify standard descriptions from the USPTO  
24                   ID manual directly for customers, and pay government fees on behalf  
25  
26  
27  
28

1 of customers who are not represented by a lawyer.

2  
3 c. A legal technology C corporation organized in any state within the  
4 United States substantially owned by one or more California and  
5 USPTO licensed attorneys is permitted to employ non-lawyer  
6 assistants to recommend and advise on selection of classifications of  
7 goods and services for trademark applications sought to be filed with  
8 the USPTO directly to customers, modify standard descriptions from  
9 the USPTO ID manual directly for customers, and pay government  
10 fees on behalf of customers who are not represented by a lawyer.

11  
12 d. A legal technology C corporation organized in any state within the  
13 United States doing business in California and substantially owned by  
14 an attorney or a licensed law firm is not required to conduct conflict  
15 checks before assisting customers that request filings of U.S.  
16 trademarks before the USPTO.

17  
18 e. A legal technology C corporation organized in any state within the  
19 United States doing business in California and substantially owned by  
20 an attorney or licensed law firm is not required to deposit money  
21 collected from customers wishing to file U.S. trademarks before the  
22 USPTO into an IOLTA trust account on behalf of a customer.

23  
24 f. A licensed law firm organized in any state within the United States is  
25  
26  
27  
28

1 permitted to sell ownership in its business to non-lawyer investors.

2  
3 g. A foreign law firm organized as an Alternative Business Structure  
4 (ABS) law firm in the United Kingdom is permitted to practice law  
5 within the United States before the United States Patent & Trademark  
6 Office if it hires lawyers in the United States that comply with  
7 applicable State Bar and USPTO rules.  
8

9  
10 h. A licensed attorney or a law firm is permitted to employ non-lawyer  
11 assistants to recommend and advise on selection of classifications of  
12 goods and services for trademark applications sought to be filed with  
13 the USPTO directly to customers, modify standard descriptions from  
14 the USPTO ID manual directly for customers, and pay government  
15 fees on behalf of customers who are not represented by a lawyer.  
16

17  
18 2. In the alternate,

19 a. Order compelling the USPTO to modify its “E-Signature(s) Request  
20 Form” (**Exhibit F**) and Pay Government Fees form (**Exhibit W**) to  
21 prevent companies and persons engaging in the unauthorized practice  
22 of law facilitated through the use this form by filling out USPTO  
23 forms, and receiving USPTO trademark signature links on behalf of  
24 unrepresented customers.  
25

26  
27 b. Temporary and permanent injunctions as defined herein be entered in  
28

1           their favor and against Defendants LegalZoom, and any company or  
2           entity in which LegalZoom has an ownership or beneficial interest,  
3           first temporarily and then permanently restraining and enjoining them,  
4           directly or indirectly, on their own or as a partner, or an employee from  
5           operating websites known as [www.legalzoom.com](http://www.legalzoom.com) or any other  
6           website that attempts to offer U.S. trademark filing and prosecution  
7           services including office actions, statements of use, oppositions,  
8           trademark watch, renewal, opposition, and litigation services.  
9

10  
11  
12       c. From further use of Plaintiffs' Trademarks as Internet search terms or  
13       otherwise to trigger sponsored links to LegalZoom's false and  
14       misleading advertisements implying that not doing conflict checks is a  
15       benefit to consumers.  
16

17  
18       d. From further acts of false and misleading advertising and unfair  
19       competition that would damage or injure Plaintiffs.  
20

21       e. The Court find LegalZoom's acts of false and misleading advertising  
22       and unfair competition to be knowing and willful, and an exceptional  
23       case within the meaning of 15 U.S.C. §1117 and California law.  
24

25       f. Restitution as allowed under applicable statutes.

26       g. Compensatory damages in an amount believed to be in excess of  
27       twenty million dollars (\$20,000,000) to be determined at trial.  
28



1 Plaintiffs' damages are continuing each day as they are unable to  
 2 compete fairly due to Defendants' unlawful actions, and they will seek  
 3 treble recovery of all additional damages they incur during the  
 4 pendency of this lawsuit.  
 5

6  
 7 h. Punitive damages in an amount to be determined at trial.

8  
 9 i. Legal and equitable further relief as this court finds just and proper.

10  
 11 j. Permanent exclusion from practice of law in California and before the  
 12 USPTO of Defendants LegalZoom, Brian P Y Liu, Edward Richard  
 13 Hartman, and Brian S. Lee.

14  
 15 k. Order compelling the USPTO to follow its stated procedures for  
 16 notification to affected applicants of an excluded marks for all  
 17 trademarks in which government fees were paid by the excluded party  
 18 **(Exhibit X)** including, but not limited notifications to the affected  
 19 applicant or registrant that:

20  
 21 i. LegalZoom is not entitled to practice before the USPTO in  
 22 trademark matters and, therefore, may not represent the  
 23 applicant or registrant.

24  
 25 ii. Any trademarks and documents filed by LegalZoom are *void ab*  
 26 *initio*, meaning they were invalid from the start of any action  
 27 taken by the excluded party.  
 28



Raj V. Abhyanker

**JURY TRIAL DEMAND**

Plaintiffs hereby request a bench trial for the declaratory judgement and injunction causes of action, and a jury trial for all other causes of action alleged in this First Amended Complaint.

Respectfully submitted this Tuesday January 2, 2018.

LEGALFORCE RAPC WORLDWIDE P.C.

By /s/ Raj V. Abhyanker  
Raj V. Abhyanker  
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LegalForce, Inc., and  
Raj V. Abhyanker